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DELTA REPORT

10-Q

VONTIER CORP

10-Q - MARCH 29, 2024 COMPARED TO 10-Q - SEPTEMBER 29, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	849
CHANGES	266
DELETIONS	322
ADDITIONS	261

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September March 29, 2023 2024

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 001-39483

Vontier Corporation

(Exact name of registrant as specified in its charter)

Delaware	**84-2783455**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)

5438 Wade Park Boulevard, Suite 600
Raleigh, NC 27607
(Address of principal executive offices, including zip code)
Registrant's telephone number, including area code: **(984) 275-6000**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.0001 per share	VNT	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes ☐ No x

As of October 30, 2023 April 29, 2024, there were 154,327,695 154.4 million shares of the Registrant's common stock outstanding.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

VONTIER CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(in millions, except per share amounts)

		September 29, 2023	December 31, 2022	March 29, 2024	December 31, 2023
		(unaudited)			
	(unaudited)				
ASSETS					
ASSETS					
ASSETS	**ASSETS**				
Current assets:	Current assets:				
Current assets:					
Current assets:					
Cash and cash equivalents	Cash and cash equivalents	$ 263.6	$ 204.5		
Accounts receivable, less allowance for credit losses of $34.4 million and $34.2 million as of September 29, 2023 and December 31, 2022, respectively		523.9	514.8		
Cash and cash equivalents					
Cash and cash equivalents					

Accounts receivable, less allowance for credit losses of $36.6 million and $35.7 million as of March 29, 2024 and December 31, 2023, respectively			
Inventories	Inventories	314.3	346.0
Prepaid expenses and other current assets	Prepaid expenses and other current assets	149.4	152.8
Equity securities measured at fair value		—	21.3
Current assets held for sale	Current assets held for sale	52.0	145.6
Total current assets	Total current assets	1,303.2	1,385.0
Property, plant and equipment, net	Property, plant and equipment, net	97.8	92.1
Operating lease right-of-use assets	Operating lease right-of-use assets	37.9	44.5
Long-term financing receivables, less allowance for credit losses of $32.5 million and $37.7 million as of September 29, 2023 and December 31, 2022, respectively		272.0	249.8
Long-term financing receivables, less allowance for credit losses of $32.8 million and $33.7 million as of March 29, 2024 and December 31, 2023, respectively			
Other intangible assets, net	Other intangible assets, net	584.8	649.7
Goodwill	Goodwill	1,721.9	1,738.7
Other assets	Other assets	204.3	183.5
Total assets	Total assets	$ 4,221.9	$ 4,343.3
LIABILITIES AND EQUITY	**LIABILITIES AND EQUITY**		
Current liabilities:	Current liabilities:		
Short-term borrowings		$ 6.3	$ 4.6
Current liabilities:			
Current liabilities:			
Short-term borrowings and current portion of long-term debt			
Short-term borrowings and current portion of long-term debt			

Short-term borrowings and current portion of long-term debt			
Trade accounts payable	Trade accounts payable	352.1	430.9
Current operating lease liabilities	Current operating lease liabilities	12.4	13.8
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	467.6	437.6
Current liabilities held for sale	Current liabilities held for sale	29.3	43.0
Total current liabilities	Total current liabilities	867.7	929.9
Long-term operating lease liabilities	Long-term operating lease liabilities	28.2	34.0
Long-term debt	Long-term debt	2,348.2	2,585.7
Other long-term liabilities	Other long-term liabilities	212.8	214.2
Total liabilities	Total liabilities	3,456.9	3,763.8
Commitments and Contingencies (Note 10)			
Commitments and Contingencies (Note 9)		Commitments and Contingencies (Note 9)	
Equity:	Equity:		
Preferred stock, 15.0 million shares authorized; no par value; no shares issued and outstanding	Preferred stock, 15.0 million shares authorized; no par value; no shares issued and outstanding	—	—
Common stock, 2.0 billion shares authorized; $0.0001 par value; 170.5 million and 169.7 million shares issued, and 154.4 million and 156.0 million outstanding as of September 29, 2023 and December 31, 2022, respectively		—	—
Treasury stock, at cost, 16.1 million and 13.7 million shares as of September 29, 2023 and December 31, 2022, respectively		(390.2)	(328.0)
Preferred stock, 15.0 million shares authorized; no par value; no shares issued and outstanding			
Preferred stock, 15.0 million shares authorized; no par value; no shares issued and outstanding			

Common stock, 2.0 billion shares authorized; $0.0001 par value; 171.7 million and 170.8 million shares issued, and 154.6 million and 154.3 million outstanding as of March 29, 2024 and December 31, 2023, respectively			
Treasury stock, at cost, 17.1 million and 16.5 million shares as of March 29, 2024 and December 31, 2023, respectively			
Additional paid-in capital	Additional paid-in capital	47.9	27.6
Retained earnings	Retained earnings	1,029.8	770.8
Accumulated other comprehensive income	Accumulated other comprehensive income	72.0	106.1
Total Vontier stockholders' equity	Total Vontier stockholders' equity	759.5	576.5
Noncontrolling interests	Noncontrolling interests	5.5	3.0
Total equity	Total equity	765.0	579.5
Total liabilities and equity	Total liabilities and equity	$ 4,221.9	$ 4,343.3

See the accompanying Notes to the Consolidated Condensed Financial Statements.

VONTIER CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME
(in millions, except per share amounts)
(unaudited)

		Three Months Ended		Nine Months Ended	
		September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
Sales	Sales	$ 765.4	$ 788.0	$ 2,306.2	$ 2,312.5
Cost of sales		(406.4)	(428.1)	(1,246.1)	(1,269.2)
Gross profit		359.0	359.9	1,060.1	1,043.3
Operating costs:					
Sales					
Sales					
Operating costs and expenses:					
Operating costs and expenses:					
Operating costs and expenses:					

Cost of sales, excluding amortization of acquisition-related intangible assets					
Cost of sales, excluding amortization of acquisition-related intangible assets					
Cost of sales, excluding amortization of acquisition-related intangible assets					
Selling, general and administrative expenses					
Selling, general and administrative expenses					
Selling, general and administrative expenses	Selling, general and administrative expenses	(177.3)	(174.7)	(542.7)	(517.4)
Research and development expenses	Research and development expenses	(39.1)	(35.0)	(120.4)	(104.4)
Research and development expenses					
Research and development expenses					
Amortization of acquisition-related intangible assets					
Amortization of acquisition-related intangible assets					
Amortization of acquisition-related intangible assets					
Operating profit					
Operating profit					
Operating profit	Operating profit	142.6	150.2	397.0	421.5
Non-operating income (expense), net:	Non-operating income (expense), net:				
Non-operating income (expense), net:					
Non-operating income (expense), net:					
Interest expense, net					
Interest expense, net					
Interest expense, net	Interest expense, net	(22.8)	(17.9)	(70.7)	(46.1)
Gain on sale of business	Gain on sale of business	0.3	—	34.4	—
Gain on previously held equity interests from combination of business		—	—	—	32.7
Unrealized (loss) gain on equity securities measured at fair value		—	(65.8)	—	17.2
Other non-operating (expense) income, net		(0.2)	1.4	(1.6)	1.3
Gain on sale of business					
Gain on sale of business					
Other non-operating expense, net					
Other non-operating expense, net					
Other non-operating expense, net					
Earnings before income taxes					
Earnings before income taxes					
Earnings before income taxes	Earnings before income taxes	119.9	67.9	359.1	426.6
Provision for income taxes	Provision for income taxes	(29.3)	(17.8)	(88.4)	(93.0)
Provision for income taxes					
Provision for income taxes					
Net earnings					
Net earnings					

Net earnings	Net earnings	$ 90.6	$ 50.1	$ 270.7	$ 333.6
Net earnings per share:	Net earnings per share:				
Net earnings per share:					
Net earnings per share:					
Basic					
Basic					
Basic	Basic	$ 0.59	$ 0.32	$ 1.74	$ 2.07
Diluted	Diluted	$ 0.58	$ 0.32	$ 1.73	$ 2.06
Diluted					
Diluted					
Weighted average shares outstanding:					
Weighted average shares outstanding:					
Weighted average shares outstanding:	Weighted average shares outstanding:				
Basic	Basic	154.8	158.2	155.3	161.5
Basic					
Basic					
Diluted					
Diluted					
Diluted	Diluted	155.8	158.7	156.1	162.2
Net earnings	Net earnings	$ 90.6	$ 50.1	$ 270.7	$ 333.6
Net earnings					
Net earnings					
Other comprehensive income (loss), net of income taxes:					
Other comprehensive income (loss), net of income taxes:					
Other comprehensive income (loss), net of income taxes:	Other comprehensive income (loss), net of income taxes:				
Foreign currency translation adjustments	Foreign currency translation adjustments	(22.1)	(44.7)	(34.2)	(122.9)
Foreign currency translation adjustments					
Foreign currency translation adjustments					
Other adjustments					
Other adjustments					
Other adjustments	Other adjustments	—	—	0.1	0.2
Total other comprehensive loss, net of income taxes	Total other comprehensive loss, net of income taxes	(22.1)	(44.7)	(34.1)	(122.7)
Total other comprehensive loss, net of income taxes					
Total other comprehensive loss, net of income taxes					
Comprehensive income	Comprehensive income	$ 68.5	$ 5.4	$ 236.6	$ 210.9
Comprehensive income					
Comprehensive income					

See the accompanying Notes to the Consolidated Condensed Financial Statements.

VONTIER CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN EQUITY
(in millions, except per share amounts)

(unaudited)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Noncontrolling Interests	Total
	Shares	Amount	Shares	Amount					
Balance, December 31, 2022	169.7	$ —	13.7	$ (328.0)	$ 27.6	$ 770.8	$ 106.1	$ 3.0	$ 579.5
	Common Stock		Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Noncontrolling Interests	T
	Shares								
Balance, December 31, 2023									
Balance, December 31, 2023									
Balance, December 31, 2023									
Net earnings	—	—	—	—	—	82.8	—	—	82.8
Dividends on common stock ($0.025 per share)	—	—	—	—	—	(3.9)	—	—	(3.9)
Other comprehensive loss, net of income taxes	—	—	—	—	—	—	(3.7)	—	(3.7)
Stock-based compensation expense	—	—	—	—	6.1	—	—	0.7	6.8
Common stock-based award activity, net of shares for tax withholding	0.5	—	—	—	(3.1)	—	—	—	(3.1)
Purchase of treasury stock	—	—	0.9	(18.4)	—	—	—	—	(18.4)
Balance, March 31, 2023	170.2	—	14.6	(346.4)	30.6	849.7	102.4	3.7	640.0
Net earnings	—	—	—	—	—	97.3	—	—	97.3
Dividends on common stock ($0.025 per share)	—	—	—	—	—	(3.9)	—	—	(3.9)
Other comprehensive loss, net of income taxes	—	—	—	—	—	—	(8.3)	—	(8.3)
Stock-based compensation expense	—	—	—	—	7.0	—	—	1.5	8.5
Common stock-based award activity, net of shares for tax withholding	0.1	—	—	—	0.2	—	—	—	0.2
Purchase of treasury stock	—	—	1.1	(32.1)	—	—	—	—	(32.1)
Change in noncontrolling interests	—	—	—	—	—	—	—	(0.3)	(0.3)
Balance, June 30, 2023	170.3	—	15.7	(378.5)	37.8	943.1	94.1	4.9	701.4
Net earnings	—	—	—	—	—	90.6	—	—	90.6
Dividends on common stock ($0.025 per share)	—	—	—	—	—	(3.9)	—	—	(3.9)
Other comprehensive loss, net of income taxes	—	—	—	—	—	—	(22.1)	—	(22.1)
Stock-based compensation expense	—	—	—	—	7.7	—	—	1.1	8.8

Common stock-based award activity, net of shares for tax withholding	0.2	—	—	—	2.4	—	—	—	2.4
Purchase of treasury stock	—	—	0.4	(11.7)	—	—	—	—	(11.7)
Change in noncontrolling interests	—	—	—	—	—	—	—	(0.5)	(0.5)
Balance, September 29, 2023	170.5	$ —	16.1	$ (390.2)	$ 47.9	$ 1,029.8	$ 72.0	$ 5.5	$ 765.0
Other									
Balance, March 29, 2024									

See the accompanying Notes to the Consolidated Condensed Financial Statements.

VONTIER CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN EQUITY (continued)
(in millions, except per share amounts)
(unaudited)

		Common Stock		Treasury Stock		Additional		Accumulated Other		
		Shares	Amount	Shares	Amount	Paid-In Capital	Retained Earnings	Comprehensive Income	Noncontrolling Interests	Total
Balance, December 31, 2021		169.2	$ —	—	$ —	$ 1.5	$ 386.7	$ 181.7	$ 3.8	$ 573.7
	Common Stock	Common Stock	Treasury Stock			Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Noncontrolling Interests	To
	Shares									
Balance, December 31, 2022										
Balance, December 31, 2022										
Balance, December 31, 2022										
Net earnings	Net earnings	—	—	—	—	—	250.2	—	—	250.2
Dividends on common stock ($0.025 per share)	Dividends on common stock ($0.025 per share)	—	—	—	—	—	(4.0)	—	—	(4.0)
Other comprehensive loss, net of income taxes	Other comprehensive loss, net of income taxes	—	—	—	—	—	—	(15.0)	—	(15.0)
Stock-based compensation expense	Stock-based compensation expense	—	—	—	—	6.1	—	—	—	6.1
Common stock-based award activity, net of shares for tax withholding	Common stock-based award activity, net of shares for tax withholding	0.3	—	—	—	(2.0)	—	—	—	(2.0)
Purchase of treasury stock	Purchase of treasury stock	—	—	8.5	(207.0)	—	(50.0)	—	—	(257.0)
Change in noncontrolling interests		—	—	—	—	—	—	—	(0.1)	(0.1)
Balance, April 1, 2022		169.5	—	8.5	(207.0)	5.6	582.9	166.7	3.7	551.9
Net earnings		—	—	—	—	—	33.3	—	—	33.3
Dividends on common stock ($0.025 per share)		—	—	—	—	—	(4.0)	—	—	(4.0)
Other comprehensive loss, net of income taxes		—	—	—	—	—	—	(63.0)	—	(63.0)

Stock-based compensation expense	—	—	—	—	7.0	—	—	—	7.0
Common stock-based award activity, net of shares for tax withholding	—	—	—	—	0.2	—	—	—	0.2
Purchase of treasury stock	—	—	2.3	(71.0)	—	50.0	—	—	(21.0)
Change in noncontrolling interests and other	—	—	—	—	—	(1.4)	—	(0.3)	(1.7)
Balance, July 1, 2022	169.5	—	10.8	(278.0)	12.8	660.8	103.7	3.4	502.7
Net earnings	—	—	—	—	—	50.1	—	—	50.1
Dividends on common stock ($0.025 per share)	—	—	—	—	—	(4.0)	—	—	(4.0)
Other comprehensive loss, net of income taxes	—	—	—	—	—	—	(44.7)	—	(44.7)
Stock-based compensation expense	—	—	—	—	5.9	—	—	—	5.9
Common stock-based award activity, net of shares for tax withholding	0.1	—	—	—	0.7	—	—	—	0.7
Purchase of treasury stock	—	—	0.8	(10.0)	—	—	—	—	(10.0)
Change in noncontrolling interests	—	—	—	—	—	—	—	(0.7)	(0.7)
Balance, September 30, 2022	169.6	$ —	11.6	$ (288.0)	$ 19.4	$ 706.9	$ 59.0	$ 2.7	$ 500.0
Balance, March 31, 2023									

See the accompanying Notes to the Consolidated Condensed Financial Statements.

VONTIER CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

		Nine Months Ended		Three Months Ended	
		September 29, 2023	**September 30, 2022**	**March 29, 2024**	**March 31, 2023**
Cash flows from operating activities:	Cash flows from operating activities:				
Net earnings	Net earnings	$ 270.7	$ 333.6		
Net earnings					
Net earnings					
Non-cash items:	Non-cash items:				
Depreciation and amortization expense		93.8	86.8		
Depreciation expense					
Depreciation expense					
Depreciation expense					
Amortization of acquisition-related intangible assets					
Stock-based compensation expense	Stock-based compensation expense	24.1	19.0		

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Amortization of debt issuance costs		2.9	2.5
Amortization of acquisition-related inventory fair value step-up		1.3	—
Loss (gain) on equity investments		1.0	(2.8)
Gain on sale of business	Gain on sale of business	(34.4)	—
Gain on sale of property		(2.8)	—
Gain on previously held equity interests from combination of business		—	(32.7)
Unrealized gain on equity securities measured at fair value		—	(17.4)
Impairment charges		—	2.1
Other non-cash items			
Other non-cash items			
Other non-cash items			
Change in deferred income taxes	Change in deferred income taxes	(16.1)	(16.8)
Change in accounts receivable and long-term financing receivables, net	Change in accounts receivable and long-term financing receivables, net	(33.6)	(76.1)
Change in other operating assets and liabilities	Change in other operating assets and liabilities	(16.8)	(158.4)
Net cash provided by operating activities	**Net cash provided by operating activities**	290.1	139.8
Cash flows from investing activities:	Cash flows from investing activities:		
Proceeds from sale of business, net of cash provided	Proceeds from sale of business, net of cash provided	107.5	—
Cash paid for acquisitions, net of cash received		—	(277.1)
Proceeds from sale of business, net of cash provided			
Proceeds from sale of business, net of cash provided			
Payments for additions to property, plant and equipment			
Payments for additions to property, plant and equipment			

Payments for additions to property, plant and equipment	Payments for additions to property, plant and equipment	(43.5)	(43.0)
Proceeds from sale of property	Proceeds from sale of property	4.3	0.2
Cash paid for equity investments	Cash paid for equity investments	(2.7)	(11.3)
Proceeds from sale of equity securities	Proceeds from sale of equity securities	20.4	5.1
Net cash provided by (used in) investing activities		86.0	(326.1)
Net cash provided by investing activities			
Net cash provided by investing activities			
Net cash provided by investing activities			
Cash flows from financing activities:	Cash flows from financing activities:		
Proceeds from issuance of long-term debt		—	235.0
Repayment of long-term debt	Repayment of long-term debt	(240.0)	(185.0)
Net proceeds from short-term borrowings		1.4	3.6
Repayment of long-term debt			
Repayment of long-term debt			
Net (repayments of) proceeds from short-term borrowings			
Payments of common stock cash dividend			
Payments of common stock cash dividend			
Payments of common stock cash dividend	Payments of common stock cash dividend	(11.7)	(12.0)
Purchases of treasury stock	Purchases of treasury stock	(61.6)	(288.0)
Proceeds from stock option exercises	Proceeds from stock option exercises	6.0	1.3
Other financing activities	Other financing activities	(7.4)	(3.8)
Net cash used in financing activities	**Net cash used in financing activities**	(313.3)	(248.9)

Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	(3.7)	(15.7)
Net change in cash and cash equivalents	Net change in cash and cash equivalents	59.1	(450.9)
Beginning balance of cash and cash equivalents	Beginning balance of cash and cash equivalents	204.5	572.6
Ending balance of cash and cash equivalents	Ending balance of cash and cash equivalents	$ 263.6	$ 121.7

See the accompanying Notes to the Consolidated Condensed Financial Statements.

VONTIER CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(unaudited)

NOTE 1. BUSINESS OVERVIEW AND BASIS OF PRESENTATION

Nature of Business

Vontier Corporation ("Vontier" or the "Company") is a global industrial technology company uniting productivity, automation and multi-energy technologies to meet the needs of a rapidly evolving, more connected mobility ecosystem. As of September 29, 2023, the The Company operates through three reportable segments which align to the Company's three operating segments: (i) Mobility Technologies, which provides digitally enabled equipment and solutions to support efficient operations across the mobility ecosystem, including point-of-sale and payment systems, workflow automation solutions, telematics, data analytics, software platform for electric vehicle charging networks, and integrated solutions for alternative fuel dispensing; (ii) Repair Solutions, which manufactures and distributes aftermarket vehicle repair tools, toolboxes, automotive diagnostic equipment and software through a network of mobile franchisees; and (iii) Environmental & Fueling Solutions, which provides environmental and fueling hardware and software, and aftermarket solutions for global fueling infrastructure. The Company's Global Traffic Technologies and Coats businesses, which were divested during April 2023 and January 2024, respectively, are presented in Other for periods prior to the divestitures.

Basis of Presentation and Unaudited Interim Financial Information

The accompanying Consolidated Condensed Financial Statements present the Company's historical financial position, results of operations, changes in equity and cash flows in accordance with generally accepted accounting principles in the United States of America ("GAAP") and are unaudited.

The interim Consolidated Condensed Financial Statements include the accounts of Vontier and its subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation. The Consolidated Condensed Financial Statements also reflect the impact of noncontrolling interests. Noncontrolling interests do not have a significant impact on the Company's consolidated results of operations, therefore, net earnings and net earnings per share attributable to noncontrolling interests are not presented separately in the Company's Consolidated Condensed Statements of Earnings and Comprehensive Income. Net earnings attributable to noncontrolling interests have been reflected in selling, general and administrative expenses ("SG&A") and were insignificant in all periods presented.

In the opinion of the Company's management, all adjustments of a normal recurring nature necessary for a fair presentation have been reflected. Certain financial information that is normally included in annual financial statements prepared in accordance with GAAP, but that is not required for interim reporting purposes, has been omitted. The accompanying interim Consolidated Condensed Financial Statements and the related notes should be read in conjunction with the Company's Consolidated and Combined Financial Statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the "2022 "2023 Annual Report on Form 10-K").

Goodwill

In the first quarter of 2023, the Company realigned its internal organization, as further discussed in Note 9. Segment Information, which resulted in a decrease in the number of reporting units for goodwill impairment testing from seven reporting units to five reporting units. For historical reporting units that were divided among the Company's new reporting units after the realignment, the Company used the relative fair value method to reallocate goodwill to the new reporting units. The Company performed a qualitative goodwill impairment test immediately prior to and following the change in reporting units. Based on the Company's assessment, the Company determined on the basis of the qualitative and quantitative factors that the fair values of the reporting units were more likely than not greater than their respective carrying values both immediately prior to and following the change in reporting units, and therefore, a quantitative test was not required.

Foreign Currency Translation and Transactions

Exchange rate adjustments resulting from foreign currency transactions are recognized in Net earnings, whereas effects resulting from the translation of financial statements are reflected as a component of Accumulated other comprehensive income within equity. Assets and liabilities of subsidiaries operating outside the United States with a functional currency other than U.S. dollars are translated into U.S. dollars using period-end exchange rates and income statement accounts are translated at weighted average exchange rates. Net foreign currency transaction gains or losses were not material in any of the periods presented.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Recently Adopted Issued Accounting Standards Not Yet Adopted

In March 2022, December 2023, the Financial Accounting Standards Board (“FASB”) FASB issued ASU 2022-02, Financial Instruments – Credit Losses 2023-09, Income Taxes (Topic 326) 740): Troubled Debt Restructurings and Vintage Improvements to Income Tax Disclosures (“ASU 2022-02” 2023-09”), which requires enhanced disclosure consistent categories and greater disaggregation of certain loan refinancings information in the rate reconciliation and restructurings disaggregation of income taxes paid by creditors when a borrower jurisdiction. ASU 2023-09 is experiencing financial difficulty while eliminating certain current recognition and measurement accounting guidance. This ASU also requires the disclosure of current-period gross write-offs by year of origination for financing receivables and net investments in leases. ASU 2022-02 became effective for the Company’s annual and interim periods beginning on January 1, 2023. financial statements for the year ended December 31, 2025, with early adoption permitted. Prospective application is required, with retrospective application permitted. The Company has disclosed current-period gross write-offs in Note 3. Financing and Trade Receivables, while is currently assessing the other provisions of impact ASU 2022-02 did not 2023-09 will have a material impact on the Company’s its consolidated financial statements.

In March 2020, November 2023, the FASB issued ASU 2020-04, Reference Rate Reform 2023-07, Segment Reporting (Topic 848) 280): Facilitation Improvements to Reportable Segment Disclosures (“ASU 2023-07”), which enhances segment disclosures primarily by requiring disclosure of significant segment expenses. ASU 2023-07 is effective for the Company’s annual financial statements for the year ended December 31, 2024, and for its interim financial statements beginning with the first fiscal quarter of the Effects of Reference Rate Reform on Financial Reporting (“ASU 2020-04”) and in January 2021 issued ASU 2021-01, Reference Rate Reform (Topic 848): Scope. In December 2022, the FASB issued ASU 2022-06, Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848, to defer the sunset date of ASU 2020-04 from December 31, 2022 to December 31, 2024. These ASUs provide temporary optional expedients and exceptions to existing guidance on contract modifications and hedge accounting to facilitate the market transition from existing reference rates, such as the London Inter-bank Offered Rate (“LIBOR”) which year ended December 31, 2025, with early adoption permitted. Retrospective application is being phased out, to alternate reference rates, such as the Secured Overnight Financing Rate (“SOFR”). These standards were effective upon issuance and allowed application to contract changes as early as January 1, 2020. required. The Company has transitioned all debt that historically referenced LIBOR to alternate reference rates, utilizing certain practical expedients to account for is currently assessing the modifications prospectively.

impact ASU 2023-07 will have on its consolidated financial statements.

NOTE 2. ACQUISITIONS

The Company did not complete any acquisitions during the nine months ended September 29, 2023.

During the nine months ended September 30, 2022, the Company completed the acquisition of Driivz Ltd. (“Driivz”) and Invenco Group Ltd. (“Invenco”), which are further discussed below, and acquired all of the outstanding equity interests in two other businesses.

Driivz

On February 7, 2022, the Company acquired the remaining 81% of the outstanding shares of Driivz for $152.5 million, net of cash received. Driivz, which is based in Israel, is a cloud-based subscription software platform supporting electric vehicle charging infrastructure (“EVCI”) providers with operations management, energy optimization, billing and roaming capabilities, as well as driver self-service apps. The acquisition of Driivz accelerates the Company’s portfolio diversification and e-mobility strategies and positions the Company to capitalize on the global EVCI market opportunities.

The acquisition of Driivz was accounted for as a business combination and, accordingly, the assets acquired and the liabilities assumed have been recorded at their respective fair values as of the acquisition date. The goodwill is attributable to the workforce of the acquired business, future market opportunities and the expected synergies with the Company’s existing operations. The majority of the goodwill derived from this acquisition is not deductible for tax purposes.

The Company’s final purchase price allocation is as follows:

($ in millions)	Driivz	Weighted Average Amortization Period
Accounts receivable	$ 1.0	
Technology	56.3	8.0
Customer relationships	28.1	13.0
Trade names	9.2	16.0
Goodwill	125.7	
Other assets	2.9	
Accrued expenses and other current liabilities	(12.5)	
Other long-term liabilities	(15.2)	
Purchase price, net of cash received	$ 195.5	

The Company recorded certain adjustments to the preliminary purchase price allocation during the measurement period resulting in a net decrease of $5.2 million to goodwill.

The carrying value of the Company's approximately 19% interest in Driivz prior to the acquisition was $10.3 million, which historically was carried at cost. In connection with the acquisition, this investment was remeasured to a fair value of $43.0 million resulting in the recognition of an aggregate noncash gain of $32.7 million during the nine months ended September 30, 2022, which was included in Gain on previously held equity interests from combination of business in the Consolidated Condensed Statements of Earnings and Comprehensive Income.

The Company has not disclosed post-acquisition or pro forma revenue and earnings attributable to Driivz as it did not have a material effect on the Company's results. Driivz is presented in the Company's Mobility Technologies segment.

Invenco

On August 31, 2022, the Company acquired all of the outstanding equity interests of Invenco for $83.1 million, net of cash received. The purchase price includes contingent consideration initially measured at $6.1 million, which can reach up to $100.0 million based on achieving certain revenue targets. Invenco, which is based in New Zealand, is a global provider of self-service payment and microservice solutions with a range of products including outdoor payment terminals, electronic payment servers, payment switches, and cloud services. The acquisition of Invenco further advances the Company's portfolio diversification and accelerates its digital strategy.

The acquisition of Invenco was accounted for as a business combination and, accordingly, the assets acquired and the liabilities assumed have been recorded at their respective fair values as of the acquisition date. The final purchase price allocation was as follows: (i) $35.7 million to definite-lived intangible assets consisting of developed technology, customer relationships and a trade name with a weighted average amortization period of approximately five years, (ii) $33.0 million to goodwill and (iii) $14.4 million to other net assets. The goodwill is attributable to the workforce of the acquired business, future market opportunities and the expected synergies with the Company's existing operations. The majority of the goodwill derived from this acquisition is not deductible for tax purposes. The Company recorded certain adjustments to the preliminary purchase price allocation during the measurement period resulting in a net increase of $5.7 million to goodwill.

The Company has not disclosed post-acquisition or pro forma revenue and earnings attributable to Invenco as it did not have a material effect on the Company's results. Invenco is presented in the Company's Mobility Technologies segment.

NOTE 3. 2. FINANCING AND TRADE RECEIVABLES

The Company's financing receivables are comprised of commercial purchase security agreements with originated between the Company's end customers franchisees and technicians or independent shop owners that are assumed by the Company ("PSAs") and commercial loans to the Company's franchisees ("Franchisee Notes") in the Repair Solutions segment. Financing receivables are generally secured by the underlying tools and equipment financed.

PSAs are installment sales contracts originated between the franchisee and technicians or independent shop owners which enable these customers to purchase tools and equipment on an extended-term payment plan. PSA payment terms are generally up to five years. Upon origination, the Company assumes the PSA by crediting the franchisee's trade accounts receivable. As a result, originations of PSAs are non-cash transactions. The Company records PSAs at amortized cost.

Franchisee Notes have payment terms of up to 10 years and include financing to fund business startup costs including: (i) installment loans to franchisees used generally to finance inventory, equipment, and franchise fees; and (ii) lines of credit to finance working capital, including additional purchases of inventory.

Revenues associated with the Company's interest income related to financing receivables are recognized to approximate a constant effective yield over the contract term. Accrued interest is included in Accounts receivable, less allowance for credit losses on the Consolidated Condensed Balance Sheets and was insignificant as of September 29, 2023 March 29, 2024 and December 31, 2022 December 31, 2023.

Product sales to franchisees and the related financing income is included in Cash flows from operating activities in the accompanying Consolidated Condensed Statements of Cash Flows.

The components of financing receivables with payments due in less than twelve months that are presented in Accounts receivable, less allowance for credit losses on the Consolidated Condensed Balance Sheets were as follows:

($ in millions)	($ in millions)	September 29, 2023	December 31, 2022	($ in millions)	March 29, 2024	December 31, 2023
Gross current financing receivables:	Gross current financing receivables:					
PSAs						
PSAs						
PSAs	PSAs	$ 98.3	$ 96.6			
Franchisee Notes	Franchisee Notes	21.7	18.4			
Current financing receivables, gross	Current financing receivables, gross	$ 120.0	$ 115.0			
Allowance for credit losses:	Allowance for credit losses:					
Allowance for credit losses:						

Allowance for credit losses:						
PSAs						
PSAs						
PSAs	PSAs	$ 13.8	$ 13.1			
Franchisee Notes	Franchisee Notes	7.0	6.5			
Total allowance for credit losses	Total allowance for credit losses	$ 20.8	$ 19.6			
Net current financing receivables:	Net current financing receivables:					
Net current financing receivables:						
Net current financing receivables:						
PSAs, net						
PSAs, net						
PSAs, net	PSAs, net	$ 84.5	$ 83.5			
Franchisee Notes, net	Franchisee Notes, net	14.7	11.9			
Total current financing receivables, net	Total current financing receivables, net	$ 99.2	$ 95.4			

The components of Long-term financing receivables, less allowance for credit losses, which consists of financing receivables with payments due beyond one year, were as follows:

($ in millions)	($ in millions)	September 29, 2023	December 31, 2022	($ in millions)	March 29, 2024	December 31, 2023
Gross long-term financing receivables:	Gross long-term financing receivables:					
PSAs						
PSAs						
PSAs	PSAs	$ 240.2	$ 224.0			
Franchisee Notes	Franchisee Notes	64.3	63.5			
Long-term financing receivables, gross	Long-term financing receivables, gross	$ 304.5	$ 287.5			
Allowance for credit losses:	Allowance for credit losses:					
Allowance for credit losses:						
Allowance for credit losses:						
PSAs						
PSAs						
PSAs	PSAs	$ 27.5	$ 32.4			

Franchisee Notes	Franchisee Notes	5.0	5.3
Total allowance for credit losses	Total allowance for credit losses	$ 32.5	$ 37.7
Net long-term financing receivables:	Net long-term financing receivables:		
Net long-term financing receivables:			
Net long-term financing receivables:			
PSAs, net			
PSAs, net			
PSAs, net	PSAs, net	$ 212.7	$ 191.6
Franchisee Notes, net	Franchisee Notes, net	59.3	58.2
Total long-term financing receivables, net	Total long-term financing receivables, net	$ 272.0	$ 249.8

As of September 29, 2023 March 29, 2024 and December 31, 2022 December 31, 2023, the net unamortized discount on our financing receivables was $18.1 $18.5 million and $16.8 $17.6 million, respectively.

Credit score and distributor tenure are the primary indicators of credit quality for the Company's financing receivables. The amortized cost basis and current period gross write-offs of PSAs and Franchisee Notes by origination year as of and for the nine three months ended September 29, 2023 March 29, 2024, is as follows:

($ in millions)	($ in millions)	2023	2022	2021	2020	2019	Prior	Total
PSAs	**PSAs**							
Credit Score:	**Credit Score:**							
Credit Score:								
Credit Score:								
Less than 400								
Less than 400								
Less than 400	Less than 400	$ 13.6	$ 8.5	$ 4.5	$ 2.1	$0.8	$ —	$ 29.5
400-599	400-599	22.0	15.0	7.6	3.9	1.4	0.2	50.1
600-799	600-799	47.0	30.1	16.6	7.9	2.5	0.6	104.7
800+	800+	75.5	45.1	20.8	9.7	2.7	0.4	154.2
Total PSAs	Total PSAs	$158.1	$98.7	$49.5	$23.6	$7.4	$ 1.2	$338.5
Franchisee Notes	**Franchisee Notes**							
Franchisee Notes								
Franchisee Notes								
Active distributors								
Active distributors								
Active distributors	Active distributors	$ 17.6	$19.4	$15.2	$ 7.9	$5.6	$ 6.7	$ 72.4
Separated distributors	Separated distributors	0.1	0.9	3.1	2.5	2.2	4.8	13.6

($ in millions)	2024	2023	2022	2021	2020	Prior	Total

Total Franchisee Notes	Total Franchisee Notes	$ 17.7	$20.3	$18.3	$10.4	$7.8	$11.5	$ 86.0
Current Period Gross Write-offs	**Current Period Gross Write-offs**							
Current Period Gross Write-offs								
Current Period Gross Write-offs								
PSAs								
PSAs								
PSAs	PSAs	$ 0.9	$11.2	$ 8.3	$ 4.6	$2.0	$ 1.1	$ 28.1
Franchisee Notes	Franchisee Notes	—	0.7	0.8	0.3	0.4	0.2	2.4
Total current period gross write-offs	Total current period gross write-offs	$ 0.9	$11.9	$ 9.1	$ 4.9	$2.4	$ 1.3	$ 30.5

Past Due

PSAs are considered past due when a contractual payment has not been made. If a customer is making payments on its account, interest will continue to accrue. The table below sets forth the aging of the Company's PSA balances as of:

($ in millions)	30-59 days past due	60-90 days past due	Greater than 90 days past due	Total past due	Total not considered past due	Total	Greater than 90 days past due and accruing interest
September 29, 2023	$ 3.5	$ 1.8	$ 6.8	$ 12.1	$ 326.4	$ 338.5	$ 6.8
December 31, 2022	3.6	1.8	6.9	12.3	308.3	320.6	6.9

($ in millions)	30-59 days past due	60-90 days past due	Greater than 90 days past due	Total past due	Total not considered past due	Total	Greater than 90 days past due and accruing interest
March 29, 2024	$ 3.5	$ 1.8	$ 7.0	$ 12.3	$ 336.1	$ 348.4	$ 7.0
December 31, 2023	3.7	1.9	7.2	12.8	333.6	346.4	7.2

Franchisee Notes are considered past due when payments have not been made for 21 days after the due date. Past due Franchisee Notes (where the franchisee had not yet separated) were insignificant as of September 29, 2023March 29, 2024 and December 31, 2022December 31, 2023.

Uncollectable Status

PSAs are deemed uncollectable and written off when they are both contractually delinquent and no payment has been received for 180 days.

Franchisee Notes are deemed uncollectable and written off after a distributor separates and no payments have been received for one year.

The Company stops accruing interest and other fees associated with financing receivables when (i) a customer is placed in uncollectable status and repossession efforts have begun; (ii) upon receipt of notification of bankruptcy; (iii) upon notification of the death of a customer; or (iv) other instances in which management concludes collectability is not reasonably assured.

Allowance for Credit Losses Related to Financing Receivables

The Company calculates the allowance for credit losses considering several factors, including the aging of its financing receivables, historical credit loss and portfolio delinquency experience and current economic conditions. The Company also evaluates financing receivables with identified exposures, such as customer defaults, bankruptcy or other events that make it unlikely it will recover the amounts owed to it. In calculating such reserves, the Company evaluates expected cash flows, including estimated proceeds from disposition of collateral, and calculates an estimate of the potential loss and the probability of loss. When a loss is considered probable on an individual financing receivable, a specific reserve is recorded.

The following is a rollforward of the PSAs and Franchisee Notes components of the Company's allowance for credit losses related to financing receivables as of:

		September 29, 2023		
		March 29, 2024		
			Franchisee	
($ in millions)	($ in millions)	PSAs	Notes	Total

			March 29, 2024
($ in millions)	PSAs	Franchisee Notes	Total

Allowance for credit losses, beginning of year	Allowance for credit losses, beginning of year	$45.5	$ 11.8	$57.3
Provision for credit losses	Provision for credit losses	22.2	2.3	24.5
Write-offs	Write-offs	(28.1)	(2.4)	(30.5)
Recoveries of amounts previously charged off	Recoveries of amounts previously charged off	1.7	0.3	2.0
Allowance for credit losses, end of period	Allowance for credit losses, end of period	$41.3	$ 12.0	$53.3

Allowance for Credit Losses Related to Trade Accounts Receivables

The following is a rollforward of the allowance for credit losses related to the Company's trade accounts receivables, excluding financing receivables, and the Company's trade accounts receivable cost basis as of:

($ in millions)	September March 29, 2023 2024
Cost basis of trade accounts receivable	$ 438.3 432.5
Allowance for credit losses balance, beginning of year	14.6 15.6
Provision for credit losses	4.2 2.5
Write-offs	(4.8) (2.0)
Foreign currency and other	(0.4) (0.2)
Allowance for credit losses balance, end of period	13.6 15.9
Net trade accounts receivable balance	$ 424.7 416.6

NOTE 4. 3. INVENTORIES

The classes of inventory as of September 29, 2023 March 29, 2024 and December 31, 2022 December 31, 2023 are summarized as follows:

($ in millions)	($ in millions)	September 29, 2023	December 31, 2022	($ in millions)	March 29, 2024	December 31, 2023
Finished goods	Finished goods	$ 128.7	$ 136.6			
Work in process	Work in process	20.5	34.8			
Raw materials	Raw materials	165.1	174.6			
Total	Total	$ 314.3	$ 346.0			

NOTE 5. 4. FINANCING

The Company had the following debt outstanding as of:

($ in millions)	($ in millions)	September 29, 2023	December 31, 2022	($ in millions)	March 29, 2024	December 31, 2023
Short-term borrowings:	Short-term borrowings:					
Short-term borrowings and bank overdrafts	Short-term borrowings and bank overdrafts	$ 6.3	$ 4.6			

Short-term borrowings and bank overdrafts			
Short-term borrowings and bank overdrafts			
Long-term debt:	Long-term debt:		
Long-term debt:			
Long-term debt:			
Three-Year Term Loans due 2024			
Three-Year Term Loans due 2024			
Three-Year Term Loans due 2024	Three-Year Term Loans due 2024	$ 160.0	$ 400.0
Three-Year Term Loans due 2025	Three-Year Term Loans due 2025	600.0	600.0
1.800% senior unsecured notes due 2026	1.800% senior unsecured notes due 2026	500.0	500.0
2.400% senior unsecured notes due 2028	2.400% senior unsecured notes due 2028	500.0	500.0
2.950% senior unsecured notes due 2031	2.950% senior unsecured notes due 2031	600.0	600.0
Revolving Credit Facility due 2026	Revolving Credit Facility due 2026	—	—
Total long-term debt	Total long-term debt	2,360.0	2,600.0
Less: current portion of long-term debt			
Less: discounts and debt issuance costs	Less: discounts and debt issuance costs	(11.8)	(14.3)
Total long-term debt, net	Total long-term debt, net	$2,348.2	$2,585.7

The Company’s long-term debt requires, among others, that the Company maintains certain financial covenants, and the Company was in compliance with all of these covenants as of September 29, 2023 March 29, 2024.

Credit Facilities

Revolving Credit Facility

The Revolving Credit Facility bears interest at a variable rate equal to SOFR plus an 11.4 basis points SOFR adjustment, plus a ratings-based margin which was 117.5 basis points as of September 29, 2023 March 29, 2024. As of September 29, 2023 March 29, 2024, there were no borrowings outstanding and $750.0 million of available borrowing capacity under the Revolving Credit Facility.

Three-Year Term Loans Due 2024

The Three-Year Term Loans Due 2024, which mature on October 28, 2024, bear interest at a variable rate equal to SOFR plus an 11.4 basis points SOFR adjustment, plus a ratings-based margin which was 112.5 basis points as of September 29, 2023 March 29, 2024. The interest rate was 6.56% 6.57% per annum as of September 29, 2023 March 29, 2024. The Company is not obligated to make repayments prior to the maturity date, but did voluntarily repay $75.0 million and $240.0 $50.0 million during the three and nine months ended September 29, 2023, respectively. March 29, 2024. The Company is not permitted to re-borrow once repayment is made. There was no material difference between the carrying value and the estimated fair value of the debt outstanding as of September 29, 2023 March 29, 2024.

Three-Year Term Loans Due 2025

The Three-Year Term Loans Due 2025 (together with the Three-Year Term Loans Due 2024, the "Term Loans") bear interest at a variable rate equal to SOFR plus a 10.0 basis points credit spread adjustment, plus a ratings-based margin which was 125.0 basis points as of September 29, 2023 March 29, 2024. The interest rate was 6.67% 6.69% per annum as of September 29, 2023 March 29, 2024. As of September 29, 2023, there There was no material difference between the carrying value and the estimated fair value of the debt outstanding. outstanding as of March 29, 2024.

Senior Unsecured Notes

The Company's senior unsecured notes (collectively, the "Registered Notes") consist of the following:

- $500.0 million aggregate principal amount of senior notes due April 1, 2026 bearing interest at the rate of 1.800% per year;
- $500.0 million aggregate principal amount of senior notes due April 1, 2028 bearing interest at the rate of 2.400% per year; and
- $600.0 million aggregate principal amount of senior notes due April 1, 2031 bearing interest at the rate of 2.950% per year.

The estimated fair value of the Registered Notes was $1.3 $1.4 billion as of September 29, 2023 March 29, 2024. The fair value of the Registered Notes was determined based upon Level 2 inputs including indicative prices based upon observable market data. The difference between the fair value and the carrying amounts of the Registered Notes may be attributable to changes in market interest rates and/or the Company's credit ratings subsequent to the incurrence of the borrowing.

Short-term Borrowings

As of September 29, 2023 March 29, 2024, certain of the Company's businesses were in a cash overdraft position, and such overdrafts are included in Short-term borrowings and current portion of long-term debt on the Consolidated Condensed Balance Sheets. Additionally, the Company has other short-term borrowing arrangements with various banks to facilitate short-term cash flow requirements in certain countries also included in Short-term borrowings and current portion of long-term debt on the Consolidated Condensed Balance Sheets. Given the nature of the short-term borrowings, the carrying value approximates fair value as of September 29, 2023 March 29, 2024.

NOTE 6. 5. ACCUMULATED OTHER COMPREHENSIVE INCOME

Foreign currency translation adjustments are generally not adjusted for income taxes as they relate to indefinite investments in non-U.S. subsidiaries.

The changes in Accumulated other comprehensive income by component are summarized below:

($ in millions)	Foreign Currency Translation Adjustments	Other Adjustments (b)	Total
For the Three Months Ended September 29, 2023:			
Balance, June 30, 2023	$ 95.7	$ (1.6)	$ 94.1
Other comprehensive loss before reclassifications, net of income taxes	(22.1)	—	(22.1)
Net current period other comprehensive loss, net of income taxes	(22.1)	—	(22.1)
Balance, September 29, 2023	$ 73.6	$ (1.6)	$ 72.0
For the Three Months Ended September 30, 2022:			
Balance, July 1, 2022	$ 106.7	$ (3.0)	$ 103.7
Other comprehensive loss before reclassifications, net of income taxes	(44.7)	—	(44.7)
Amounts reclassified from accumulated other comprehensive income:			
Increase	—	0.1 (a)	0.1
Income tax impact	—	(0.1)	(0.1)
Amounts reclassified from accumulated other comprehensive income, net of income taxes	—	—	—
Net current period other comprehensive loss, net of income taxes	(44.7)	—	(44.7)
Balance, September 30, 2022	$ 62.0	$ (3.0)	$ 59.0

(a) This accumulated other comprehensive income component is included in the computation of net periodic pension cost.

(b) Includes balances relating to defined benefit plans and supplemental executive retirement plans.

($ in millions)	($ in millions)	Foreign Currency Translation Adjustments	Other Adjustments (b)	Total	($ in millions)	Foreign Currency Translation Adjustments	Other Adjustments (b)	Total
For the Nine Months Ended September 29, 2023:								
Balance, December 31, 2022		$ 107.8	$ (1.7)	$106.1				
For the Three Months Ended March 29, 2024:								
Balance, December 31, 2023								
Balance, December 31, 2023								
Balance, December 31, 2023								
Other comprehensive loss before reclassifications, net of income taxes	Other comprehensive loss before reclassifications, net of income taxes	(34.5)	—	(34.5)				
Amounts reclassified from accumulated other comprehensive income:	Amounts reclassified from accumulated other comprehensive income:							
Sale of business								
Sale of business								
Sale of business	Sale of business	0.3 (c)	—	0.3				
Increase	Increase	—	0.1 (a)	0.1				
Amounts reclassified from accumulated other comprehensive income, net of income taxes	Amounts reclassified from accumulated other comprehensive income, net of income taxes	0.3	0.1	0.4				
Amounts reclassified from accumulated other comprehensive income, net of income taxes								
Amounts reclassified from accumulated other comprehensive income, net of income taxes								
Net current period other comprehensive (loss) income, net of income taxes	Net current period other comprehensive (loss) income, net of income taxes	(34.2)	0.1	(34.1)				
Balance, September 29, 2023		$ 73.6	$ (1.6)	$ 72.0				

Balance, March 29, 2024				
For the Nine Months Ended September 30, 2022:				
Balance, December 31, 2021		$ 184.9	$ (3.2)	$181.7
For the Three Months Ended March 31, 2023:				
For the Three Months Ended March 31, 2023:				
For the Three Months Ended March 31, 2023:				
Balance, December 31, 2022				
Balance, December 31, 2022				
Balance, December 31, 2022				
Other comprehensive loss before reclassifications, net of income taxes	Other comprehensive loss before reclassifications, net of income taxes	(122.9)	—	(122.9)
Amounts reclassified from accumulated other comprehensive income:	Amounts reclassified from accumulated other comprehensive income:			
Increase	Increase	—	0.3 (a)	0.3
Income tax impact		—	(0.1)	(0.1)
Increase				
Increase				
Amounts reclassified from accumulated other comprehensive income, net of income taxes	Amounts reclassified from accumulated other comprehensive income, net of income taxes	—	0.2	0.2
Net current period other comprehensive (loss) income, net of income taxes	Net current period other comprehensive (loss) income, net of income taxes	(122.9)	0.2	(122.7)
Balance, September 30, 2022		$ 62.0	$ (3.0)	$ 59.0
Balance, March 31, 2023				

(a) This accumulated other comprehensive income component is included in the computation of net periodic pension cost.

(a) This accumulated other comprehensive income component is included in the computation of net periodic pension cost.

(a) This accumulated other comprehensive income component is included in the computation of net periodic pension cost.

(b) Includes balances relating to defined benefit plans and supplemental executive retirement plans.	(b) Includes balances relating to defined benefit plans and supplemental executive retirement plans.	(b) Includes balances relating to defined benefit plans and supplemental executive retirement plans.
(c) Reclassified to Gain on sale of business in the Consolidated Condensed Statements of Earnings and Comprehensive Income.	(c) Reclassified to Gain on sale of business in the Consolidated Condensed Statements of Earnings and Comprehensive Income.	(c) Reclassified to Gain on sale of business in the Consolidated Condensed Statements of Earnings and Comprehensive Income.

NOTE 7. 6. SALES

Contract Assets

In certain circumstances, contract assets are recorded which include unbilled amounts typically resulting from sales under contracts when revenue recognized exceeds the amount billed to the customer, and right to payment is subject to contractual performance obligations rather than subject only to the passage of time. Contract assets were $7.1 million $6.6 million and $12.3 million $6.8 million as of September 29, 2023 March 29, 2024 and December 31, 2022 December 31, 2023, respectively, and are included in Prepaid expenses and other current assets in the accompanying Consolidated Condensed Balance Sheets.

Contract Costs

The Company incurs direct incremental costs to obtain and fulfill certain contracts, typically costs associated with assets used by our customers in certain service sales arrangements and sales-related commissions. As of September 29, 2023 March 29, 2024 and December 31, 2022 December 31, 2023, the Company had $86.6 million $93.6 million and $88.6 million $90.9 million, respectively, in net revenue-related capitalized contract costs primarily related to assets used by the Company's customers in certain software contracts, which are recorded in Prepaid expenses and other current assets, for the current portion, and Other assets, for the noncurrent portion, in the accompanying Consolidated Condensed Balance Sheets.

Contract Liabilities

The Company's contract liabilities consist of deferred revenue generally related to customer deposits, post contract support ("PCS") and extended warranty sales. In these arrangements, the Company generally receives up-front payment and recognizes revenue over the support term of the contracts where applicable. Deferred revenue is classified as current or noncurrent based on the timing of when revenue is expected to be recognized and is included in Accrued expenses and other current liabilities and Other long-term liabilities, respectively, in the accompanying Consolidated Condensed Balance Sheets.

The Company's contract liabilities consisted of the following:

($ in millions)	($ in millions)	September 29, 2023	December 31, 2022	($ in millions)	March 29, 2024	December 31, 2023
Deferred revenue, current	Deferred revenue, current	$ 140.0	$ 135.2			
Deferred revenue, noncurrent	Deferred revenue, noncurrent	49.2	48.7			
Total contract liabilities	Total contract liabilities	$ 189.2	$ 183.9			

During the three and nine months ended September 29, 2023 March 29, 2024, the Company recognized $15.8 million and $96.4 million $50.5 million of revenue related to the Company's contract liabilities at December 31, 2022, respectively. December 31, 2023. The change in contract liabilities from December 31, 2022 December 31, 2023 to September 29, 2023 March 29, 2024 was primarily due to the timing of cash receipts and sales of PCS and extended warranty services.

Remaining Performance Obligations

Remaining performance obligations represent the transaction price allocated to performance obligations which are unsatisfied as of firm, noncancelable orders and the annual contract value for software-as-a-service contracts with an original duration greater than one year for which work has not been performed. end of the period. The Company has excluded performance obligations with an original expected duration of one year or less. less and amounts for variable consideration allocated to wholly-unsatisfied performance obligations. Remaining performance obligations as of September 29, 2023 March 29, 2024 were $397.4 million $483.0 million, the majority of which are related to the annual contract value for software-as-a-service and extended warranty and service contracts. The Company expects approximately 40 65 percent of the remaining performance obligations will be fulfilled within the next two years, 70 80 percent within the next three years, and substantially all 90 percent within four years.

Disaggregation of Revenue

Revenue from contracts with customers is disaggregated by sales of products and services and geographic location for each of our reportable segments, as it best depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

Disaggregation of revenue was as follows for the three months ended September 29, 2023 March 29, 2024:

($ in millions)	($ in millions)	Mobility Technologies	Repair Solutions	Environmental & Fueling Solutions	Other	Total	($ in millions)	Mobility Technologies	Repair Solutions	Environmental & Fueling Solutions	Other	Eliminations	Total
Sales:	**Sales:**												
Sales of products	Sales of products	$ 215.3	$ 159.5	$ 290.9	$20.1	$685.8							
Sales of products													
Sales of products													
Sales of services	Sales of services	32.4	0.7	40.7	5.8	79.6							
Intersegment sales													
Total	Total	$ 247.7	$ 160.2	$ 331.6	$25.9	$765.4							
Geographic:	**Geographic:**												
Geographic:													
Geographic:													
North America (a)													
North America (a)													
North America (a)	North America (a)	$ 173.8	$ 160.2	$ 205.8	$25.6	$565.4							
Western Europe	Western Europe	22.1	—	38.6	—	60.7							
High growth markets	High growth markets	32.2	—	74.0	0.3	106.5							
Rest of world	Rest of world	19.6	—	13.2	—	32.8							
Intersegment sales													
Total	Total	$ 247.7	$ 160.2	$ 331.6	$25.9	$765.4							

(a) Includes total sales in the United States of $543.1 million $537.4 million.

Disaggregation of revenue was as follows for the three months ended September 30, 2022 March 31, 2023:

($ in millions)	($ in millions)	Mobility Technologies	Repair Solutions	Environmental & Fueling Solutions	Other	Total	($ in millions)	Mobility Technologies	Repair Solutions	Environmental & Fueling Solutions	Other	Total
Sales:	**Sales:**											
Sales of products												
Sales of products												
Sales of products	Sales of products	$ 198.3	$ 152.2	$ 325.9	$31.3	$707.7						
Sales of services	Sales of services	30.2	0.5	42.6	7.0	80.3						
Total	Total	$ 228.5	$ 152.7	$ 368.5	$38.3	$788.0						
Geographic:	**Geographic:**											

Geographic:

Geographic:

North America (a)

North America (a)

North America (a)	North America (a)	$ 168.2	$ 152.7	$ 244.6	$37.7	$603.2
Western Europe	Western Europe	15.0	—	33.3	—	48.3
High growth markets	High growth markets	26.3	—	74.8	0.4	101.5
Rest of world	Rest of world	19.0	—	15.8	0.2	35.0
Total	Total	$ 228.5	$ 152.7	$ 368.5	$38.3	$788.0

(a) Includes total sales in the United States of $567.4 million $547.8 million.

Disaggregation of revenue was as follows for the nine months ended September 29, 2023:

($ in millions)	Mobility Technologies	Repair Solutions	Environmental & Fueling Solutions	Other	Total
Sales:					
Sales of products	$ 637.6	$ 498.2	$ 859.0	$ 69.9	$ 2,064.7
Sales of services	94.8	1.8	125.7	19.2	241.5
Total	$ 732.4	$ 500.0	$ 984.7	$ 89.1	$ 2,306.2
Geographic:					
North America (a)	$ 508.8	$ 500.0	$ 611.2	$ 87.8	$ 1,707.8
Western Europe	66.1	—	121.7	—	187.8
High growth markets	97.8	—	210.5	1.3	309.6
Rest of world	59.7	—	41.3	—	101.0
Total	$ 732.4	$ 500.0	$ 984.7	$ 89.1	$ 2,306.2

(a) Includes total sales in the United States of $1,613.4 million.

Disaggregation of revenue was as follows for the nine months ended September 30, 2022:

($ in millions)	Mobility Technologies	Repair Solutions	Environmental & Fueling Solutions	Other	Total
Sales:					
Sales of products	$ 560.6	$ 465.1	$ 948.6	$ 106.2	$ 2,080.5
Sales of services	86.1	1.7	123.4	20.8	232.0
Total	$ 646.7	$ 466.8	$ 1,072.0	$ 127.0	$ 2,312.5
Geographic:					
North America (a)	$ 463.0	$ 466.8	$ 691.7	$ 125.0	$ 1,746.5
Western Europe	55.7	—	112.4	—	168.1
High growth markets	73.3	—	224.3	1.8	299.4
Rest of world	54.7	—	43.6	0.2	98.5
Total	$ 646.7	$ 466.8	$ 1,072.0	$ 127.0	$ 2,312.5

(a) Includes total sales in the United States of $1,672.4 million.

NOTE 8. 7. INCOME TAXES

The Company's effective tax rate for the three and nine months ended September 29, 2023 March 29, 2024 was 24.4% and 24.6%, respectively, 16.0% as compared to 26.2% and 21.8% 24.0% for the three and nine months ended September 30, 2022, respectively. March 31, 2023. The decrease in the effective tax rate for the three months ended September 29, 2023 March 29, 2024 as compared to the comparable period in the prior year was primarily due to a loss from the sale non-taxable gain on the divestiture of equity securities measured at fair value the Coats business in the prior year. The increase in the effective tax rate for the nine three months ended September 29, 2023 as compared to the comparable period in the prior year was primarily due to non-taxable income related to our previously held equity interest in Driivz in the prior year. March 29, 2024.

The Company's effective tax rate for the three and nine months ended September 29, 2023 March 29, 2024 differs from the U.S. federal statutory rate of 21% primarily due to the effect of state taxes, and foreign taxable earnings at a rate different from the U.S. federal statutory rate. rate, and the non-taxable gain on the divestiture of the Coats business. The Company's effective tax rate for the three and nine months ended September 30, 2022 March 31, 2023 differs from the U.S. federal statutory rate of 21% primarily due to the effect of state taxes and foreign taxable earnings at a rate different from the U.S. federal statutory rate, which for the nine months ended September 30, 2022, was offset by non-taxable income related to the Company's previously held equity interest in Driivz. taxes.

NOTE 9. 8. SEGMENT INFORMATION

In the first quarter of 2023, the Company realigned its internal organization to align with the Company's strategy, resulting in changes to the Company's operating segments. Historically, the Company operated through one reportable segment comprised of two operating segments: (i) Mobility Technologies and (ii) Diagnostics and Repair Technologies. Subsequent to the realignment, the Company now operates through three reportable segments which align to the Company's three operating segments: (i) Mobility Technologies, (ii) Repair Solutions and (iii) Environmental & Fueling Solutions.

The Company's Coats (Hennessy) business, which is currently held for sale, is presented in Other. The Company's Global Traffic Technologies business, which was divested during April 2023, is presented in Other for periods prior to the divestiture. Refer to Note 13. Divestitures and Assets and Liabilities Held for Sale for further discussion of the Company's Coats (Hennessy) and Global Traffic Technologies businesses.

Segment operating profit is used as a performance metric by the chief operating decision maker ("CODM") in determining how to allocate resources and assess performance. Segment operating profit represents total segment sales less operating costs attributable to the segment, which does not include unallocated corporate costs and other operating costs not allocated to the reportable segments as part of the CODM's assessment of reportable segment operating performance, including stock-based compensation expense, amortization of acquisition-related intangible assets, restructuring costs, transaction- and deal-related costs, and other costs not indicative of the segment's core operating performance. As part of the CODM's assessment of the Repair Solutions segment, a capital charge based on the segment's financing receivables portfolio is assessed by Corporate (the "Repair Solutions Capital Charge"). The unallocated corporate and other operating costs are presented in Corporate & other unallocated costs in the reconciliation to earnings before income taxes below.

Intersegment amounts sales primarily result from solutions developed by the Mobility Technologies segment that are integrated into products sold by the Environmental & Fueling Solutions segment. Intersegment sales are recorded at cost plus a margin which is intended to reflect the contribution made by the Mobility Technologies segment. Segment operating profit includes the operating profit from intersegment sales. Intersegment sales for the three months ended March 31, 2023 are not significant and have been eliminated. eliminated in the segments' results.

The Company's CODM does not review any information regarding total assets on a segment basis.

Prior period segment results have been presented in conformity with the Company's new reportable segments. Segment results for the periods indicated were as follows:

		Three Months Ended		Nine Months Ended	
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
($ in millions)					
($ in millions)					
($ in millions)	($ in millions)	September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
Sales:	**Sales:**				
Mobility Technologies		$ 247.7	$ 228.5	$ 732.4	$ 646.7
Repair Solutions(a)		160.2	152.7	500.0	466.8
Sales:					
Sales:					
Mobility Technologies(a)					
Mobility Technologies(a)					
Mobility Technologies(a)					
Repair Solutions(b)					
Repair Solutions(b)					
Repair Solutions(b)					
Environmental & Fueling Solutions					
Environmental & Fueling Solutions					
Environmental & Fueling Solutions	Environmental & Fueling Solutions	331.6	368.5	984.7	1,072.0
Other	Other	25.9	38.3	89.1	127.0
Other					
Other					
Intersegment eliminations					
Intersegment eliminations					

Intersegment eliminations					
Total					
Total					
Total	Total	$ 765.4	$ 788.0	$ 2,306.2	$ 2,312.5
Segment operating profit:	**Segment operating profit:**				
Segment operating profit:					
Segment operating profit:					
Mobility Technologies	Mobility Technologies	$ 51.4	$ 54.8	$ 144.0	$ 138.5
Repair Solutions(b)		43.3	48.6	132.2	137.2
Mobility Technologies					
Mobility Technologies					
Repair Solutions(c)					
Repair Solutions(c)					
Repair Solutions(c)					
Environmental & Fueling Solutions					
Environmental & Fueling Solutions					
Environmental & Fueling Solutions	Environmental & Fueling Solutions	95.7	104.3	271.6	284.8
Other	Other	2.2	1.5	8.2	9.8
Other					
Other					
Segment operating profit	Segment operating profit	192.6	209.2	556.0	570.3
Corporate & other unallocated costs(b)		(50.0)	(59.0)	(159.0)	(148.8)
Segment operating profit					
Segment operating profit					
Corporate & other unallocated costs(c)(d)					
Corporate & other unallocated costs(c)(d)					
Corporate & other unallocated costs(c)(d)					
Operating profit					
Operating profit					
Operating profit	Operating profit	142.6	150.2	397.0	421.5
Interest expense, net	Interest expense, net	(22.8)	(17.9)	(70.7)	(46.1)
Interest expense, net					
Interest expense, net					
Gain on sale of business	Gain on sale of business	0.3	—	34.4	—
Gain on previously held equity interests from combination of business		—	—	—	32.7
Unrealized (loss) gain on equity securities measured at fair value		—	(65.8)	—	17.2
Other non-operating (expense) income, net		(0.2)	1.4	(1.6)	1.3
Gain on sale of business					
Gain on sale of business					
Other non-operating expense, net					
Other non-operating expense, net					
Other non-operating expense, net					
Earnings before income taxes					
Earnings before income taxes					

Earnings before income taxes	Earnings before income taxes	$ 119.9	$ 67.9	$ 359.1	$ 426.6
Depreciation expense:	**Depreciation expense:**				
Depreciation expense:					
Depreciation expense:					
Mobility Technologies					
Mobility Technologies					
Mobility Technologies	Mobility Technologies	$ 8.3	$ 5.8	$ 21.2	$ 16.5
Repair Solutions	Repair Solutions	0.5	0.4	1.4	1.2
Repair Solutions					
Repair Solutions					
Environmental & Fueling Solutions					
Environmental & Fueling Solutions					
Environmental & Fueling Solutions	Environmental & Fueling Solutions	1.9	3.2	9.3	10.4
Other	Other	—	—	—	0.9
Other					
Other					
Corporate					
Corporate					
Corporate	Corporate	0.3	0.4	0.8	0.8
Total	Total	$ 11.0	$ 9.8	$ 32.7	$ 29.8
Total					
Total					

(a) Includes intersegment sales of $1.6 million for the three months ended March 29, 2024.

(b) Includes interest income related to financing receivables of $19.7 million, $17.9 million, $58.5$18.9 million and $54.5$19.8 million for the three and nine months ended September 29, 2023March 29, 2024 and September 30, 2022March 31, 2023, respectively.

(b) (c) Includes the Repair Solutions Capital Charge of $10.5 million, $10.0 million, $31.0$10.9 million and $29.8$10.2 million for the three and nine months ended September 29, 2023March 29, 2024 and September 30, 2022March 31, 2023, respectively.

(d) Includes amortization of acquisition-related intangible assets.

NOTE 10. 9. LITIGATION AND CONTINGENCIES

Warranty

Estimated warranty costs are generally accrued at the time of sale. In general, manufactured products are warrantied against defects in material and workmanship when properly used for their intended purpose, installed correctly and appropriately maintained. Warranty period terms depend on the nature of the product and range from 90 days up to the life of the product. The amount of the accrued warranty liability is determined based on historical information such as past experience, product failure rates or number of units repaired, estimated cost of material and labor, and in certain instances, estimated property damage. The accrued warranty liability is reviewed on a quarterly basis and may be adjusted as additional information regarding expected warranty costs becomes known.

The following is a rollforward of the Company's accrued warranty liability:

($ in millions)	
Balance, December 31, 2022December 31, 2023	$ 43.0
Accruals for warranties issued during the period	27.8 8.0
Settlements made	(25.1) (9.9)
Effect of foreign currency translation	(0.2)
Balance, September 29, 2023March 29, 2024	$ 45.5 40.9

Litigation and Other Contingencies

The Company is involved in legal proceedings from time to time in the ordinary course of its business. Although the outcome of such matters is uncertain, management believes that these legal proceedings will not have a material adverse effect on the financial condition or results of future operations of the Company.

In accordance with accounting guidance, the Company records a liability in the Consolidated Condensed Financial Statements for loss contingencies when a loss is known or considered probable and the amount can be reasonably estimated. If the reasonable estimate of a known or probable loss is a range, and no amount within the range is a better estimate than any other, the minimum amount of the range is accrued. If a loss does not meet the known or probable level but is reasonably possible and a loss or range of loss can be reasonably estimated, the estimated loss or range of loss is disclosed.

Gross liabilities associated with known and future expected asbestos claims and projected insurance recoveries were as follows as of:

($ in millions)	($ in millions)	Classification	September 29, 2023	December 31, 2022	($ in millions)	Classification	March 29, 2024	December 31, 2023
Gross liabilities	Gross liabilities							
Current								
Current								
Current	Current	Accrued expenses and other current liabilities	$ 26.2	$ 27.1				
Long-term	Long-term	Other long-term liabilities	76.7	78.1				
Total	Total		102.9	105.2				
Projected insurance recoveries	Projected insurance recoveries							
Projected insurance recoveries								
Projected insurance recoveries								
Current								
Current								
Current	Current	Prepaid expenses and other current assets	17.4	21.2				
Long-term	Long-term	Other assets	47.4	47.4				
Total	Total		$ 64.8	$ 68.6				

Guarantees

As of September 29, 2023 March 29, 2024 and December 31, 2022 December 31, 2023, the Company had guarantees consisting primarily of outstanding standby letters of credit, bank guarantees, and performance and bid bonds of approximately $81.0 $77.5 million and $84.0 $79.2 million, respectively. These guarantees have been provided in connection with certain arrangements with vendors, customers, financing counterparties, and governmental entities to secure the Company's obligations and/or performance requirements related to specific transactions. The Company believes that if the obligations under these instruments were triggered, they would not have a material effect on the financial statements.

NOTE 11. 10. FAIR VALUE MEASUREMENTS

Accounting standards define fair value based on an exit price model, establish a framework for measuring fair value where assets and liabilities are required to be carried at fair value and provide for certain disclosures related to the valuation methods used within a valuation hierarchy as established within the accounting standards. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, or other observable characteristics for the asset or liability, including interest rates, yield curves and credit risks, or inputs that are derived principally from, or corroborated by, observable market data through correlation.
- Level 3 inputs are unobservable inputs based on our assumptions.

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Below is a summary of financial assets and liabilities that are measured at fair value on a recurring basis as of:

($ in millions)	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
September 29, 2023				
Contingent consideration liabilities	$ —	$ —	$ 9.3	$ 9.3
Deferred compensation liabilities	4.5	—	—	4.5
December 31, 2022				
Equity securities measured at fair value	$ 21.3	$ —	$ —	$ 21.3
Contingent consideration liabilities	—	—	11.6	11.6
Deferred compensation liabilities	—	5.1	—	5.1

Equity Securities

($ in millions)	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
March 29, 2024				
Contingent consideration liabilities	$ —	$ —	$ 5.4	$ 5.4
Deferred compensation liabilities(a)	4.5	—	—	4.5
December 31, 2023				
Contingent consideration liabilities	—	—	9.3	9.3
Deferred compensation liabilities(a)	4.2	—	—	4.2

The Company held a minority interest(a) Refer to Note 8. Fair Value Measurements to the Consolidated Financial Statements in Tritium Holdings Pty, Ltd ("Tritium") which historically was recorded at cost in Other assets the Company's 2023 Annual Report on Form 10-K for more information on the Consolidated Condensed Balance Sheets. On January 13, 2022, Tritium announced that it completed a business combination with Decarbonization Plus Acquisition Corporation II to make Tritium a publicly listed company on NASDAQ under the symbol "DCFC". Once Tritium became publicly traded, the Company recorded its investment at fair value in Equity securities measured at fair value on the Consolidated Condensed Balance Sheets with changes in the value recorded in Unrealized (loss) gain on equity securities measured at fair value on the Consolidated Condensed Statements of Earnings and Comprehensive Income and Unrealized gain on equity securities measured at fair value on the Consolidated Condensed Statements of Cash Flows.

During the first quarter of 2023, the Company sold its remaining interest in Tritium and recognized a loss of $0.9 million, which is presented in Other non-operating (expense) income, net on the Consolidated Condensed Statements of Earnings and Comprehensive Income and Loss (gain) on equity investments on the Consolidated Condensed Statements of Cash Flows for the nine months ended September 29, 2023. Company's deferred compensation liabilities.

Contingent Consideration

The fair value of the contingent consideration liabilities relates to payments to previous owners of acquired companies contingent on the achievement of certain revenue targets. The Company records a liability for contingent consideration in the purchase price for acquisitions at fair value on the acquisition date, and remeasures the liability at each reporting date, based on the Company's estimate of the expected probability of achievement of the contingency targets. This estimate is based on significant unobservable inputs and represents a Level 3 measurement within the fair value hierarchy.

Deferred Compensation

Certain management employees participate in the Company's nonqualified deferred compensation programs that permit such employees to defer a portion of their compensation, on a pretax basis, until after their termination of employment. All amounts deferred under such plans are unfunded, unsecured obligations and are presented as a component of our compensation and benefits accrual included in Other long-term liabilities in the Consolidated Condensed Balance Sheets. Participants may choose among alternative earning rates for the amounts they defer, which are primarily based on investment options within our defined contribution plans for the benefit of U.S. employees (except that the earnings rates for amounts contributed unilaterally by the Company are entirely based on changes in the value of the Company's common stock). Changes in the deferred compensation liability under these programs are recognized based on changes in the fair value of the participants' accounts, which are based on the applicable earnings rates.

Nonrecurring Fair Value Measurements

Certain assets and liabilities are carried on the accompanying Consolidated Condensed Balance Sheets at cost and are not remeasured to fair value on a recurring basis. These assets include finite-lived intangible assets, which are tested for impairment when a triggering event occurs, and goodwill and identifiable indefinite-lived intangible assets, which are tested for impairment at least annually as of the first day of the fourth quarter or more frequently if events and circumstances indicate that the asset may not be recoverable.

As of September 29, 2023 March 29, 2024, assets carried on the balance sheet and not remeasured to fair value on a recurring basis included $1.7 billion of goodwill and $584.8 million $546.4 million of identifiable intangible assets, net.

NOTE 12. 11. CAPITAL STOCK AND EARNINGS PER SHARE

Earnings Per Share

Basic earnings per share is calculated by dividing net earnings by the weighted average number of shares of common stock outstanding. Diluted earnings per share is calculated by adjusting weighted average common shares outstanding for the dilutive effect of the assumed issuance of shares under stock-based compensation plans, determined using the treasury-stock method, except where the inclusion of such shares would have an anti-dilutive impact.

Information related to the calculation of net earnings per share of common stock is summarized as follows:

		Three Months Ended		Nine Months Ended	
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
(in millions, except per share amounts)					
(in millions, except per share amounts)					
(in millions, except per share amounts)	(in millions, except per share amounts)	September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
Numerator:	**Numerator:**				
Numerator:					
Numerator:					
Net earnings					
Net earnings					
Net earnings	Net earnings	$ 90.6	$ 50.1	$ 270.7	$ 333.6
Denominator:	**Denominator:**				
Denominator:					
Denominator:					
Basic weighted average common shares outstanding					
Basic weighted average common shares outstanding					
Basic weighted average common shares outstanding	Basic weighted average common shares outstanding	154.8	158.2	155.3	161.5
Effect of dilutive stock options and RSUs	Effect of dilutive stock options and RSUs	1.0	0.5	0.8	0.7
Effect of dilutive stock options and RSUs					
Effect of dilutive stock options and RSUs					
Diluted weighted average common shares outstanding					
Diluted weighted average common shares outstanding					
Diluted weighted average common shares outstanding	Diluted weighted average common shares outstanding	155.8	158.7	156.1	162.2
Earnings per share:	**Earnings per share:**				
Earnings per share:					
Earnings per share:					
Basic	Basic	$ 0.59	$ 0.32	$ 1.74	$ 2.07
Basic					
Basic					
Diluted					
Diluted					
Diluted	Diluted	$ 0.58	$ 0.32	$ 1.73	$ 2.06
Anti-dilutive shares	Anti-dilutive shares	1.7	3.4	2.3	3.3
Anti-dilutive shares					

Anti-dilutive shares

Share Repurchase Program

On May 24, 2022, the Company's Board of Directors approved a replenishment of the Company's previously approved share repurchase program announced in May 2021, bringing the total amount authorized for future share repurchases to $500.0 million. Under the share repurchase program, the Company may purchase shares of common stock from time to time in open market transactions, privately negotiated transactions, accelerated share repurchase programs, or by combinations of such methods, any of which may use prearranged trading plans that are designed to meet the requirements of Rule 10b5-1(c) of the Securities Exchange Act of 1934. The timing of any repurchases and the actual number of shares repurchased will depend on a variety of factors, including the Company's stock price, corporate and regulatory requirements, restrictions under the Company's debt obligations and other market and economic conditions. The share repurchase program may be suspended or discontinued at any time and has no expiration date.

The Company repurchased 0.4 0.6 million of the Company's shares for $11.6 $21.6 million through open market transactions at an average price per share of $30.00 $35.04 during the three months ended September 29, 2023 and 2.4 million of the Company's shares for $61.6 million through open market transactions at an average price per share of $26.00 during the nine months ended September 29, 2023 March 29, 2024. As of September 29, 2023 March 29, 2024, the Company has remaining authorization to repurchase $367.3 $332.7 million of its common stock under the share repurchase program.

NOTE 13. 12. DIVESTITURES AND ASSETS AND LIABILITIES HELD FOR SALE

Global Traffic Technologies

On April 14, 2023 January 8, 2024, the Company completed the sale of Global Traffic Technologies Coats for $108.4 million. The Company finalized $74.5 million, subject to the finalization of customary working capital adjustments during the three months ended September 29, 2023. adjustments. As a result of the transaction, the Company recognized a preliminary gain of $0.3 million and $34.4 million $39.8 million during the three and nine months ended September 29, 2023 March 29, 2024, respectively, which are is presented in Gain on sale of business in the Consolidated Condensed Statements of Earnings and Comprehensive Income. There is a transition services agreement (the "TSA") in place between the Company and Global Traffic Technologies Coats which sets forth the terms and conditions pursuant to which the Company will provide certain services to Global Traffic Technologies. Coats. Receipts related to the TSA were insignificant for the three and nine months ended September 29, 2023 March 29, 2024. The operations of Global Traffic Technologies Coats did not meet the criteria to be presented as discontinued operations.

Coats (Hennessy)

During the three months ended July 1, 2022, the Company reached the strategic decision to exit its Coats (Hennessy) business. The Company determined that the associated assets and liabilities met the held for sale accounting criteria and Coats (Hennessy) was classified as Current assets held for sale and Current liabilities held for sale in the Consolidated Condensed Balance Sheets as of September 29, 2023. The operations of Coats (Hennessy) did not meet the criteria to be presented as discontinued operations.

The assets and liabilities were measured at the lower of fair value less costs to sell or the carrying value. The following table summarizes the carrying amounts of major classes of assets and liabilities of Coats (Hennessy) as of September 29, 2023 (in millions):

ASSETS		
Accounts receivable, less allowance for credit losses	$	18.1
Inventories		12.8
Prepaid expenses and other current assets		0.7
Property, plant and equipment, net		4.5
Operating lease right-of-use assets		0.2
Goodwill		15.7
Total assets held for sale	$	52.0
LIABILITIES		
Trade accounts payable	$	14.3
Current operating lease liabilities		0.2
Accrued expenses and other current liabilities		8.2
Other long-term liabilities		6.6
Total liabilities held for sale	$	29.3

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide a reader of our financial statements with a narrative from the perspective of management and is intended to help the reader understand the results of operations and financial condition of the Company. Our MD&A should be read in conjunction with our MD&A and Consolidated and Combined Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 (the "2022 "2023 Annual Report on Form 10-K") and our Consolidated Condensed Financial Statements as of and for the three and nine months ended September 29, 2023 March 29, 2024 included in this Form 10-Q.

INFORMATION RELATING TO FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this quarterly report, in other documents we file with or furnish to the Securities and Exchange Commission (“SEC”), in our press releases, webcasts, conference calls, materials delivered to shareholders and other communications, are “forward-looking statements” within the meaning of the United States federal securities laws.

Forward-looking statements are not guarantees of future performance and actual results may differ materially from the results, developments and business decisions contemplated by our forward-looking statements. Accordingly, you should not place undue reliance on any such forward-looking statements. Forward-looking statements speak only as of the date of the report, document, press release, webcast, call, materials or other communication in which they are made. Important factors that could cause actual results to differ materially from those envisaged in the forward-looking statements include the following:

- If we cannot adjust our manufacturing capacity, supply chain management or the purchases required for our manufacturing activities to reflect changes in market conditions, customer demand and supply chain or transportation disruptions, our profitability may suffer. In addition, our reliance upon sole or limited sources of supply for certain materials, components and services could cause production interruptions, delays and inefficiencies.
- Our growth depends in part on the timely development and commercialization, and customer acceptance, of new and enhanced products and services based on technological innovation.
- Changes in our software and subscription businesses may adversely impact our business, financial condition and results of operations.
- The indemnification provisions of acquisition agreements by which we have acquired companies may not fully protect us and as a result we may face unexpected liabilities.
- Our restructuring actions could have long-term adverse effects on our business.
- As of September 29, 2023 March 29, 2024, we have outstanding indebtedness of approximately $2.4 billion $2.3 billion and the ability to incur an additional $750.0 million of indebtedness under the Revolving Credit Facility and in the future we may incur additional indebtedness. This indebtedness could adversely affect our businesses and our ability to meet our obligations and pay dividends.
- We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.
- Any inability to consummate acquisitions at our historical rates and at appropriate prices, and to make appropriate investments that support our long-term strategy, could negatively impact our growth rate and stock price.
- Our acquisition of businesses, investments, joint ventures and other strategic relationships could negatively impact our financial statements.
- Divestitures or other dispositions could negatively impact our business, and contingent liabilities from businesses that we or our predecessors have sold could adversely affect our financial statements.
- Conditions in the global economy, the particular markets we serve and the financial markets may adversely affect our business and financial statements.
- Adverse changes in our relationships with, or the financial condition, performance, purchasing patterns or inventory levels of, key distributors and other channel partners could adversely affect our financial statements.
- Our financial results are subject to fluctuations in the cost and availability of commodities that we use in our operations.
- Defects, tampering, unanticipated use or inadequate disclosure with respect to our products or services (including software), or allegations thereof, could adversely affect our business, reputation and financial statements.
- We have a limited history of operating as a separate, publicly traded company, and our historical financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results.
- Our growth could suffer if the markets into which we sell our products and services decline, do not grow as anticipated or experience cyclicality.
- Our reputation, ability to do business and financial statements may be impaired by improper conduct by any of our employees, agents or business partners.
- If we do not or cannot adequately protect our intellectual property, or if third parties infringe our intellectual property rights, we may suffer competitive injury or expend significant resources enforcing our rights.
- Third parties may claim that we are infringing or misappropriating their intellectual property rights and we could suffer significant litigation expenses, losses or licensing expenses or be prevented from selling products or services.
- If we suffer a loss to our facilities, supply chains, distribution systems or information technology systems due to catastrophe or other events, our operations could be seriously harmed.
- Our ability to attract, develop and retain talented executives and other key employees is critical to our success.
- Work stoppages, union and works council campaigns and other labor disputes could adversely impact our productivity and results of operations.
- International economic, political, legal, compliance, supply chain, epidemic, pandemic and business factors could negatively affect our financial statements.
- Foreign currency exchange rates may adversely affect our financial statements.
- Changes in, or status of implementation of, industry standards and governmental regulations, including interpretation or enforcement thereof, may reduce demand for our products or services, increase our expenses or otherwise adversely impact our business model.
- Our businesses are subject to extensive regulation; failure to comply with those regulations could adversely affect our financial statements and our business, including our reputation.
- We are party to asbestos-related product litigation that could adversely affect our financial condition, results of operations and cash flows.
- A significant disruption in, or breach in security of, our information technology systems or data or violation of data privacy laws could adversely affect our business, reputation and financial statements.
- Our operations, products and services expose us to the risk of environmental, health and safety liabilities, costs and violations that could adversely affect our business, reputation and financial statements.
- We are subject to a variety of litigation and other legal and regulatory proceedings in the course of our business that could adversely affect our business and financial statements.

- If we are unable to implement and maintain effective internal control over financial reporting in the future, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock may be negatively affected.
- We may be required to recognize impairment charges for our goodwill and other intangible assets.
- Changes in our effective tax rates or exposure to additional income tax liabilities or assessments could affect our profitability. In addition, audits by tax authorities could result in additional payments for prior periods.

See "Item 1A. Risk Factors" in our 2022 2023 Annual Report on Form 10-K and "Part II - Item 1A. Risk Factors" in this Form 10-Q for further discussion regarding reasons that actual results may differ materially from the results, developments and business decisions contemplated by our forward-looking statements. Forward-looking statements speak only as of the date of the report, document, press release, webcast, call, materials or other communication in which they are made. We do not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.

OVERVIEW

General

Vontier Corporation ("Vontier," the "Company," "we," "us," or "our") is a global industrial technology company uniting productivity, automation and multi-energy technologies to meet the needs of a rapidly evolving, more connected mobility ecosystem. Leveraging leading market positions, decades of domain expertise and unparalleled portfolio breadth, Vontier enables the way the world moves, delivering smart, safe and sustainable solutions to our customers and the planet. Vontier has a culture of continuous improvement and innovation built upon the foundation of the Vontier Business System and embraced by colleagues worldwide.

Segments

In the first quarter of 2023, we realigned our internal organization to align with our strategy, resulting in changes to our operating segments. Historically, we operated through one reportable segment comprised of two operating segments: (i) Mobility Technologies and (ii) Diagnostics and Repair Technologies. Subsequent to the realignment, we now We operate through three reportable segments which align to our three operating segments: (i) Mobility Technologies, which provides digitally enabled equipment and solutions to support efficient operations across the mobility ecosystem, including point-of-sale and payment systems, workflow automation solutions, telematics, data analytics, software platform for electric vehicle charging networks, and integrated solutions for alternative fuel dispensing; (ii) Repair Solutions, which manufactures and distributes aftermarket vehicle repair tools, toolboxes, automotive diagnostic equipment and software through a network of mobile franchisees; and (iii) Environmental & Fueling Solutions, which provides environmental and fueling hardware and software, and aftermarket solutions for global fueling infrastructure.

Our Coats (Hennessy) business, which is currently held for sale, is presented in Other. The Company's Global Traffic Technologies business, and Coats businesses, which was were divested during April 2023 is and January 2024, respectively, are presented in Other for periods prior to the divestiture. Refer to Note 13. Divestitures and Assets and Liabilities Held for Sale to the Consolidated Condensed Financial Statements for further discussion of the Company's Coats (Hennessy) and Global Traffic Technologies businesses. divestitures.
Prior period segment results have been presented in conformity with the Company's new reportable segments.

Outlook

We expect overall sales and core sales to decline increase on a year-over-year basis in 2023 2024 due to the end of the U.S. upgrade cycle increasing demand for enhanced credit card security requirements for outdoor payments systems based on the Europay, MasterCard and Visa ("EMV") global standards. Excluding this impact, we expect core sales to increase high-single digits. our products. Our outlook is subject to various assumptions and risks, including but not limited to the resilience and durability of the economies of the United States and other critical regions, ongoing challenges with global logistics and supply chain including the availability of electronic components, the impact of international conflicts, including Russia-Ukraine and Israel-Hamas, conflicts in the Middle East, market conditions in key end product segments, and the impact of energy disruption in Europe. Additional uncertainties are identified in "Information Relating to Forward-Looking Statements" above.

We continue to monitor the macroeconomic and geopolitical conditions which may impact our business, including monetary and fiscal policies, changes in the banking system, international trade and relations between the U.S., China and other nations, and investment and taxation policy initiatives being considered in the United States and by the Organization for Economic Co-operation and Development (the "OECD"). We also continue to monitor the Russia-Ukraine conflict and Israel-Hamas conflicts in the Middle East and the impact on our business and operations. As of the filing date of this report, we do not believe they are material.

RESULTS OF OPERATIONS

Comparison of Results of Operations

	Three Months Ended			
($ in millions)	March 29, 2024	% of Sales	March 31, 2023	% of Sales
Sales	$ 755.8		$ 776.4	
Operating costs and expenses:				
Cost of sales(a)	(383.8)	50.8 %	(423.4)	54.5 %
Selling, general and administrative expenses ("SG&A")	(165.4)	21.9 %	(157.5)	20.3 %
Research and development expenses ("R&D")	(44.5)	5.9 %	(41.0)	5.3 %
Amortization of acquisition-related intangible assets	(20.0)	2.6 %	(20.7)	2.7 %
Operating profit	$ 142.1	18.8 %	$ 133.8	17.2 %

	Three Months Ended		Nine Months Ended	
($ in millions)	September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022

Sales	$ 765.4	$ 788.0	$ 2,306.2	$ 2,312.5
Cost of sales	(406.4)	(428.1)	(1,246.1)	(1,269.2)
Gross profit	359.0	359.9	1,060.1	1,043.3
Operating costs:				
Selling, general and administrative expenses ("SG&A")	(177.3)	(174.7)	(542.7)	(517.4)
Research and development expenses ("R&D")	(39.1)	(35.0)	(120.4)	(104.4)
Operating profit	$ 142.6	$ 150.2	$ 397.0	$ 421.5
Gross profit as a % of sales	46.9 %	45.7 %	46.0 %	45.1 %
SG&A as a % of sales	23.2 %	22.2 %	23.5 %	22.4 %
R&D as a % of sales	5.1 %	4.4 %	5.2 %	4.5 %
Operating profit as a % of sales	18.6 %	19.1 %	17.2 %	18.2 %

(a) Excluding amortization of acquisition-related intangible assets.

Sales

The components of our consolidated sales growth were as follows for the periods indicated:

	% Change Three Months Ended September 29, 2023 vs. Comparable 2022 Period	% Change Nine Months Ended September 29, 2023 vs. Comparable 2022 Period
Total sales growth (GAAP)	**(2.9)%**	**(0.3)%**
Core sales (Non-GAAP)	(2.6)%	(0.2)%
Acquisitions and divestitures (Non-GAAP)	(0.2)%	0.8 %
Currency exchange rates (Non-GAAP)	(0.1)%	(0.9)%

	% Change Three Months Ended March 29, 2024 vs. Comparable 2023 Period
Total sales growth (GAAP)	**(2.7)%**
Core sales (Non-GAAP)	3.9 %
Acquisitions and divestitures (Non-GAAP)	(5.8)%
Currency exchange rates (Non-GAAP)	(0.8)%

Sales for each of our segments were as follows for the periods indicated:

		Three Months Ended		Nine Months Ended	
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
($ in millions)					
($ in millions)					
($ in millions)	($ in millions)	September 29, 2023	September 30, 2022	September 29, 2023	September 30, 2022
Mobility Technologies	Mobility Technologies	$ 247.7	$ 228.5	$ 732.4	$ 646.7
Mobility Technologies					
Mobility Technologies					
Repair Solutions					
Repair Solutions					
Repair Solutions	Repair Solutions	160.2	152.7	500.0	466.8
Environmental & Fueling Solutions	Environmental & Fueling Solutions	331.6	368.5	984.7	1,072.0
Environmental & Fueling Solutions					
Environmental & Fueling Solutions					
Other	Other	25.9	38.3	89.1	127.0
Other					

Other					
Intersegment eliminations					
Intersegment eliminations					
Intersegment eliminations					
Total	Total	$ 765.4	$ 788.0	$ 2,306.2	$ 2,312.5
Total					
Total					

Mobility Technologies

The components of sales growth for our Mobility Technologies segment were as follows for the periods indicated:

	% Change Three Months Ended September 29, 2023 vs. Comparable 2022 Period	% Change Nine Months Ended September 29, 2023 vs. Comparable 2022 Period
Total sales growth (GAAP)	**8.4 %**	**13.3 %**
Core sales (Non-GAAP)	4.1 %	6.8 %
Acquisitions (Non-GAAP)	4.8 %	7.9 %
Currency exchange rates (Non-GAAP)	(0.5)%	(1.4)%

	% Change Three Months Ended March 29, 2024 vs. Comparable 2023 Period
Total sales growth (GAAP)	**(1.3)%**
Core sales (Non-GAAP)	0.3 %
Acquisitions and divestitures (Non-GAAP)	— %
Currency exchange rates (Non-GAAP)	(1.6)%

Total sales within our Mobility Technologies segment increased 8.4% decreased 1.3% during the three months ended September 29, 2023 March 29, 2024, as compared to the comparable period in 2022, 2023, driven by a 4.1% increase in core sales and a 4.8% increase from our recent acquisitions, partially offset by a 0.5% 1.6% decrease due to the impact of currency translation. translation, partially offset by a 0.3% increase in core sales. The increase in core sales was primarily due to solid demand in for our convenience store enterprise productivity and alternative energy solutions, partially offset by softer demand for our car wash technologies and alternative energy solutions.

Total sales within our Mobility Technologies segment increased 13.3% during the nine months ended September 29, 2023, as compared to the comparable period in 2022, driven by a 6.8% increase in core sales and a 7.9% increase from our recent acquisitions, partially offset by a 1.4% decrease due to the impact of currency translation. The increase in core sales was primarily due to solid demand in our car wash technologies and alternative energy solutions.

Repair Solutions

The components of sales growth for our Repair Solutions segment were as follows for the periods indicated:

	% Change Three Months Ended September 29, 2023 vs. Comparable 2022 Period	% Change Nine Months Ended September 29, 2023 vs. Comparable 2022 Period
Total sales growth (GAAP)	**4.9 %**	**7.1 %**
Core sales (Non-GAAP)	5.0 %	7.2 %
Acquisitions (Non-GAAP)	— %	— %
Currency exchange rates (Non-GAAP)	(0.1)%	(0.1)%

	% Change Three Months Ended March 29, 2024 vs. Comparable 2023 Period
Total sales growth (GAAP)	**0.6%**
Core sales (Non-GAAP)	0.6 %
Acquisitions and divestitures (Non-GAAP)	— %
Currency exchange rates (Non-GAAP)	— %

Total sales and core sales within our Repair Solutions segment increased 4.9% and 5.0%, respectively, 0.6% during the three months ended September 29, 2023 March 29, 2024, as compared to the comparable period in 2022, 2023, primarily due to strong demand in the tool storage and powered tools diagnostics product categories.

Total sales and core sales within our Repair Solutions segment increased 7.1% and 7.2%, respectively, during the nine months ended September 29, 2023, as compared to the comparable period in 2022, primarily due to strong demand categories, partially offset by a decrease in the tool storage, hardline and powered tools product categories.

category.

Environmental & Fueling Solutions

The components of sales growth for our Environmental & Fueling Solutions segment were as follows for the periods indicated:

	% Change Three Months Ended September 29, 2023 vs. Comparable 2022 Period	% Change Nine Months Ended September 29, 2023 vs. Comparable 2022 Period
Total sales growth (GAAP)	**(10.0)%**	**(8.1)%**
Core sales (Non-GAAP)	(10.3)%	(7.2)%
Acquisitions (Non-GAAP)	— %	— %
Currency exchange rates (Non-GAAP)	0.3 %	(0.9)%

	% Change Three Months Ended March 29, 2024 vs. Comparable 2023 Period
Total sales growth (GAAP)	**5.5%**
Core sales (Non-GAAP)	9.6 %
Acquisitions and divestitures (Non-GAAP)	(3.5)%
Currency exchange rates (Non-GAAP)	(0.6)%

Total sales within our Environmental & Fueling Solutions segment decreased 10.0% increased 5.5% during the three months ended September 29, 2023 March 29, 2024, as compared to the comparable period in 2022, 2023, driven primarily by a 10.3% decrease 9.6% increase in core sales, partially offset by a 0.3% increase 3.5% decrease due to the impact of currency translation. The decrease in core sales was primarily due to the end of the U.S. upgrade cycle for enhanced credit card security requirements for outdoor payments systems based on the EMV global standards, partially offset by strong demand for U.S. fuel dispenser systems recently exited businesses and environmental products, globally.

Total sales within our Environmental & Fueling Solutions segment decreased 8.1% during the nine months ended September 29, 2023, as compared to the comparable period in 2022, driven primarily by a 7.2% decrease in core sales product lines and a 0.9% 0.6% decrease due to the impact of currency translation. The decrease increase in core sales was primarily due to the end of the U.S. upgrade cycle for enhanced credit card security requirements for outdoor payments systems based on the EMV global standards, partially offset driven by strong demand for U.S. North America fuel dispenser systems, aftermarket parts products and environmental products, globally. solutions.

Cost of Sales

Cost of sales, excluding amortization of acquisition-related intangible assets, decreased $21.7 $39.6 million, or 5.1% 9.4%, for the three months ended September 29, 2023 March 29, 2024, as compared to the comparable period in 2022, 2023, primarily due to the decrease in sales in our Environmental & Fueling Solutions segment, as discussed above, and cost optimization, partially offset by increased costs due to inflationary pressures.

Cost of sales decreased $23.1 million, or 1.8%, for the nine months ended September 29, 2023, as compared to the comparable period in 2022, primarily due to the decrease in sales in our Environmental & Fueling Solutions segment, as discussed above, and cost optimization, partially offset by the impact of recent acquisitions as well as increased costs due to inflationary pressures.

Gross Profit

Gross profit decreased $0.9 million, or 0.3%, during the three months ended September 29, 2023, as compared to the comparable period in 2022, primarily due to increased costs due to inflationary pressures, partially offset by favorable mix, cost optimization and the net impact of the Company's price increases. Gross profit margin increased 120 basis points during the three months ended September 29, 2023, as compared to the comparable period in 2022. recently divested and exited businesses and product lines.

Gross profit increased $16.8 million, or 1.6%, during the nine months ended September 29, 2023, as compared to the comparable period in 2022, primarily due to cost optimization, the net impact of the Company's price increases and our recent acquisitions, partially offset by increased costs due to inflationary pressures. Gross profit margin increased 90 basis points during the nine months ended September 29, 2023, as compared to the comparable period in 2022.

Operating Costs and Other Expenses

SG&A expenses increased $2.6 $7.9 million, or 1.5% 5.0%, during the three months ended September 29, 2023 March 29, 2024, as compared to the comparable period in 2022, 2023, and as a percentage of sales, increased 100 160 basis points during the same period, primarily due to an increase in variable and stock-based compensation expense and the impact of reserve-related adjustments to the Repair Solutions receivables portfolio, partially offset by a decrease in transaction and deal-related costs.

SG&A R&D expenses increased $25.3 $3.5 million, or 4.9% 8.5%, during the nine three months ended September 29, 2023 March 29, 2024, as compared to the comparable period in 2022, and as a percentage of sales, increased 110 basis points during the same period, primarily due to an increase in costs associated with restructuring activities, variable and stock-based compensation expense and SG&A expenses, including intangible asset amortization, from our recent acquisitions, and the impact of reserve-related adjustments to the Repair Solutions receivables portfolio, partially offset by a decrease in transaction and deal-related costs.

R&D expenses, consisting principally of internal and contract engineering personnel costs, increased $4.1 million, or 11.7%, during the three months ended September 29, 2023, as compared to the comparable period in 2022, 2023, primarily due to continued growth investments in our Mobility Technologies segment. R&D expenses as a percentage of sales increased 70 60 basis points during the three months ended September 29, 2023 March 29, 2024, as compared to the comparable period in 2022. 2023.

R&D expenses increased $16.0 million, Amortization of acquisition-related intangible assets decreased $0.7 million, or 15.3% 3.4%, during the nine three months ended September 29, 2023 March 29, 2024, as compared to the comparable period in 2022, primarily due to the impact of our recent acquisitions 2023 and continued growth investments in our Mobility Technologies segment. R&D expenses as a percentage of sales, increased 70 decreased 10 basis points during the nine same period.

Operating Profit

Operating profit increased $8.3 million, or 6.2%, during the three months ended September 29, 2023 March 29, 2024, as compared to the comparable period in 2022.

Operating Profit

Operating profit decreased $7.6 million, or 5.1%, during the three months ended September 29, 2023, as compared to the comparable period in 2022, 2023, and operating profit margins decreased 50 basis points during the same period.

Operating profit decreased $24.5 million, or 5.8%, during the nine months ended September 29, 2023, as compared to the comparable period in 2022, and operating profit margins decreased 100 increased 160 basis points during the same period.

Segment operating profit is used as a performance metric by the CODM in determining how to allocate resources and assess performance. Segment operating profit represents total segment sales less operating costs attributable to the segment, which does not include unallocated corporate costs and other operating costs not allocated to the reportable segments as part of the CODM's assessment of reportable segment operating performance, including stock-based compensation expense, amortization of acquisition-related intangible assets, restructuring costs, transaction- and deal-related costs, and other costs not indicative of the segment's core operating performance. As part of the CODM's assessment of the Repair Solutions segment, a capital charge based on the segment's financing receivables portfolio is assessed by Corporate. Refer to Note 9. 8. Segment Information to the Consolidated Condensed Financial Statements for additional information.

Segment operating profit, operating profit and related margins were as follows for the periods indicated:

		Three Months Ended				Nine Months Ended			
		Three Months Ended							
		Three Months Ended							
		Three Months Ended							
($ in millions)									
($ in millions)									
($ in millions)	($ in millions)	September 29, 2023	Margin	September 30, 2022	Margin	September 29, 2023	Margin	September 30, 2022	Margin
Mobility Technologies	Mobility Technologies	$ 51.4	20.8 %	$ 54.8	24.0 %	$ 144.0	19.7 %	$ 138.5	21.4 %
Mobility Technologies									
Mobility Technologies									
Repair Solutions									
Repair Solutions									
Repair Solutions	Repair Solutions	43.3	27.0	48.6	31.8	132.2	26.4	137.2	29.4
Environmental & Fueling Solutions	Environmental & Fueling Solutions	95.7	28.9	104.3	28.3	271.6	27.6	284.8	26.6
Environmental & Fueling Solutions									
Environmental & Fueling Solutions									
Other									
Other									
Other	Other	2.2	8.5	1.5	3.9	8.2	9.2	9.8	7.7
Segment operating profit	Segment operating profit	192.6	25.2	209.2	26.5	556.0	24.1	570.3	24.7
Segment operating profit									
Segment operating profit									
Corporate & other unallocated costs(a)									
Corporate & other unallocated costs(a)									

Corporate & other unallocated costs(a)	Corporate & other unallocated costs(a)	(50.0)	(6.6)	(59.0)	(7.4)	(159.0)	(6.9)	(148.8)	(6.5)
Total operating profit	Total operating profit	$ 142.6	18.6 %	$ 150.2	19.1 %	$ 397.0	17.2 %	$ 421.5	18.2 %
Total operating profit									
Total operating profit									

(a) Margin for corporate Corporate & other unallocated costs is presented as a percentage of total sales. Corporate & other unallocated costs includes amortization of acquisition-related intangible assets.

Mobility Technologies

Segment operating profit for our Mobility Technologies segment decreased $3.4 million $0.3 million, or 6.2% 0.6%, during the three months ended September 29, 2023 March 29, 2024, as compared to the comparable period in 2022, 2023, and segment operating profit margin decreased 320 increased 10 basis points during the same period. The decrease period, despite an increase in segment operating profit margin was primarily due to R&D and other continued growth investment.

Segment operating profit for our Mobility Technologies segment increased $5.5 million, or 4.0%, during the nine months ended September 29, 2023, as compared to the comparable period in 2022, and segment operating profit margin decreased 170 basis points during the same period. The decrease in segment operating profit margin was primarily due to a change investments in the mix of products sold, due to recent acquisitions, and continued growth investment. segment.

Repair Solutions

Segment operating profit for our Repair Solutions segment decreased $5.3 million $2.6 million, or 10.9% 5.5%, during the three months ended September 29, 2023 March 29, 2024, as compared to the comparable period in 2022, 2023, and segment operating profit margin decreased 480 basis points during the same period. The decrease in segment operating profit margin was primarily due to the impact of reserve-related adjustments to the receivables portfolio and a tariff benefit during 2022.

Segment operating profit for our Repair Solutions segment decreased $5.0 million, or 3.6%, during the nine months ended September 29, 2023, as compared to the comparable period in 2022, and segment operating profit margin decreased 300 160 basis points during the same period. The decrease in segment operating profit margin was primarily due to the impact of reserve-related adjustments to the receivables portfolio.

Environmental & Fueling Solutions

Segment operating profit for our Environmental & Fueling Solutions segment decreased $8.6 million increased $16.6 million, or 8.2% 20.6%, during the three months ended September 29, 2023 March 29, 2024, as compared to the comparable period in 2022, 2023, and segment operating profit margin increased 60 370 basis points during the same period. The increase in segment operating profit margin was primarily due to product and geographic mix and cost savings from restructuring activities and continued price-cost benefits.

Segment operating profit for our Environmental & Fueling Solutions segment decreased $13.2 million, or 4.6%, during the nine months ended September 29, 2023, as compared to the comparable period in 2022, and segment operating profit margin increased 100 basis points during the same period. The increase in segment operating profit margin was primarily due to cost savings from restructuring activities and continued price-cost benefits. optimization.

Corporate & Other Unallocated Costs

Corporate & other unallocated costs decreased $9.0 million increased $1.2 million, or 15.3% 2.6%, during the three months ended September 29, 2023 March 29, 2024, as compared to the comparable period in 2022, primarily due to a decrease in transaction and deal-related costs, partially offset by an increase in variable and stock-based compensation expense. Corporate & other unallocated costs as a percentage of total sales decreased 80 basis points during the three months ended September 29, 2023, as compared to the comparable period in 2022.

Corporate & other unallocated costs increased $10.2 million, or 6.9%, during the nine months ended September 29, 2023, as compared to the comparable period in 2022, 2023, primarily due to an increase in costs associated with restructuring activities, intangible asset amortization and variable and stock-based compensation expense, partially offset by a decrease in transaction and deal-related costs. Corporate & other unallocated costs as a percentage of total sales increased 40 30 basis points during the nine three months ended September 29, 2023 March 29, 2024, as compared to the comparable period in 2022. 2023.

NON-GAAP FINANCIAL MEASURES

Core Sales

We define core sales as total sales excluding (i) sales from acquired and certain divested businesses; (ii) the impact of currency translation; and (iii) certain other items.

- References to sales attributable to acquisitions or acquired businesses refer to GAAP sales from acquired businesses recorded prior to the first anniversary of the acquisition less the amount of sales attributable to certain divested or exited businesses or product lines not considered discontinued operations.
- The portion of sales attributable to the impact of currency translation is calculated as the difference between (a) the period-to-period change in sales (excluding sales from acquired businesses) and (b) the period-to-period change in sales, including foreign operations, (excluding sales from acquired businesses) after applying the current period foreign exchange rates to the prior year period.

- The portion of sales attributable to other items is calculated as the impact of those items which are not directly correlated to core sales which do not have an impact on the current or comparable period.

Core sales should be considered in addition to, and not as a replacement for or superior to, total sales, and may not be comparable to similarly titled measures reported by other companies.

Management believes that reporting the non-GAAP financial measure of core sales provides useful information to investors by helping identify underlying growth trends in our business and facilitating easier comparisons of our sales performance with our performance in prior and future periods and to our peers. We exclude the effect of acquisitions and certain divestiture-related items because the nature, size and number of such transactions can vary dramatically from period to period and between us and our peers. We exclude the effect of currency translation and certain other items from core sales because these items are either not under management's control or relate to items not directly correlated to core sales. Management believes the exclusion of these items from core sales may facilitate assessment of underlying business trends and may assist in comparisons of long-term performance. References to sales volume refer to the impact of both price and unit sales.

INTEREST COSTS

Interest expense, net was $22.8 million $18.9 million during the three months ended September 29, 2023 March 29, 2024, as compared to $17.9 million $24.0 million for the comparable period in 2022, an increase 2023, a decrease of $4.9 million $5.1 million, driven primarily by the impact of increases in interest rates on our variable-rate debt obligations, partially offset by a decrease in our outstanding debt obligations between periods.

Interest expense, net was $70.7 million during the nine months ended September 29, 2023, as compared to $46.1 million for the comparable period in 2022, and an increase of $24.6 million, driven primarily by the impact of increases in interest rates on our variable-rate debt obligations, partially offset by a decrease in our outstanding debt obligations income between periods.

For a discussion of our outstanding indebtedness, refer to Note 5. 4. Financing to the Consolidated Condensed Financial Statements.

INCOME TAXES

Effective Tax Rate

Our effective tax rate for the three and nine months ended September 29, 2023 March 29, 2024 was 24.4% and 24.6% 16.0%, respectively, as compared to 26.2% and 21.8% 24.0% for the three and nine months ended September 30, 2022 March 31, 2023. The decrease in the effective tax rate for the three months ended September 29, 2023 March 29, 2024 as compared to the comparable period in the prior year was primarily due to a loss from the sale non-taxable gain on the divestiture of equity securities measured at fair value in the prior year. The increase in Coats business during the effective tax rate for the nine three months ended September 29, 2023 as compared to the comparable period in the prior year was primarily due to non-taxable income related to our previously held equity interest in Driivz in the prior year. March 29, 2024.

Pillar Two

The OECD agreed among over 130 countries on the Pillar Two proposals which establish a global minimum effective tax rate of 15% for multinational groups with annual global revenue exceeding €750 million. Many countries continue to announce changes in their tax laws and regulations based on the Pillar Two proposals, including the European Union ("EU") Member States which unanimously adopted the EU Pillar Two Directive, providing for a minimum effective tax rate of 15%. EU Member States are required to enact the EU Pillar Two Directive into their national laws by December 31, 2023, with effective dates of January 1, 2024 and January 1, 2025, respectively, for different aspects of the EU Pillar Two Directive. We are currently evaluating do not expect the potential impact of the EU Pillar Two global minimum tax proposals Directive to have a significant impact on our financial statements.

COMPREHENSIVE INCOME

Comprehensive income increased by $63.1 million $35.5 million during the three months ended September 29, 2023 March 29, 2024, as compared to the comparable period in 2022. 2023. Comprehensive income for the three months ended September 30, 2022 includes an unrealized loss on equity securities measured at fair value of $65.8 million.

Comprehensive income increased by $25.7 million during the nine months ended September 29, 2023, as compared to the comparable period in 2022. Comprehensive income for the nine months ended September 29, 2023 March 29, 2024 includes a gain on the sale of the Company's Global Traffic Technologies Coats business of $34.4 million and unfavorable foreign currency translation adjustments of $34.2 million. Comprehensive income for the nine months ended September 30, 2022 includes a gain on previously held equity interests from combination of business of $32.7 million which relates to a gain recognized on our interest in Driivz prior to acquiring the remaining outstanding shares, an unrealized gain on equity securities measured at fair value of $17.2 million and unfavorable foreign currency translation adjustments of $122.9 million $39.8 million.

Refer to Note 2. Acquisitions to the Consolidated Condensed Financial Statements for additional information on our acquisition of Driivz, Note 11. Fair Value Measurements to the Consolidated Condensed Financial Statements for additional information on our investments and Note 13. 12. Divestitures and Assets and Liabilities Held for Sale to the Consolidated Condensed Financial Statements for additional information on the divestiture of our Global Traffic Technologies Coats business.

LIQUIDITY AND CAPITAL RESOURCES

We assess our liquidity in terms of our ability to generate cash to fund our operating, investing and financing activities. As of September 29, 2023 March 29, 2024, we held $263.6 million $406.0 million of cash and cash equivalents and had $750.0 million of borrowing capacity under our revolving credit facility. We generate substantial cash from operating activities and believe that our operating cash flow and other sources of liquidity will be sufficient to allow us to continue to support working capital needs, capital expenditures, pay interest and service debt, pay taxes and any related interest or penalties, fund our restructuring activities and pension plans as required, invest in existing businesses, consummate strategic acquisitions, manage our capital structure on a short and long-term basis and support other business needs or objectives. We also have purchase obligations which consist of agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms, including fixed or minimum quantities to be purchased, fixed, minimum or variable price provisions and the approximate timing of the transaction. As of September 29, 2023 March 29, 2024, we believe that we have sufficient liquidity to satisfy our cash needs.

Our long-term debt requires, among others, that we maintain certain financial covenants, and we were in compliance with all of these covenants as of September 29, 2023 March 29, 2024.

2023 2024 Financing and Capital Transactions

During the nine three months ended September 29, 2023 March 29, 2024, we completed the following financing and capital transactions:

- Voluntarily repaid $240.0 $50.0 million of the Three-Year Term Loans Due 2024;
- Repurchased 2.4 0.6 million shares for $61.6 $21.6 million in the open market.

Refer to Note 5. 4. Financing to the Consolidated Condensed Financial Statements for more information related to our long-term indebtedness and Note 12. 11. Capital Stock and Earnings per Share to the Consolidated Condensed Financial Statements for more information related to our share repurchases.

Overview of Cash Flows and Liquidity

Following is an overview of our cash flows and liquidity:

	Nine Months Ended	
($ in millions)	September 29, 2023	September 30, 2022
Net cash provided by operating activities	$ 290.1	$ 139.8
Proceeds from sale of business, net of cash provided	$ 107.5	$ —
Cash paid for acquisitions, net of cash received	—	(277.1)
Payments for additions to property, plant and equipment	(43.5)	(43.0)
Proceeds from sale of property	4.3	0.2
Cash paid for equity investments	(2.7)	(11.3)
Proceeds from sale of equity securities	20.4	5.1
Net cash provided by (used in) investing activities	$ 86.0	$ (326.1)
Proceeds from issuance of long-term debt	$ —	$ 235.0
Repayment of long-term debt	(240.0)	(185.0)
Net proceeds from short-term borrowings	1.4	3.6
Payments of common stock cash dividend	(11.7)	(12.0)
Purchases of treasury stock	(61.6)	(288.0)
Proceeds from stock option exercises	6.0	1.3
Other financing activities	(7.4)	(3.8)
Net cash used in financing activities	$ (313.3)	$ (248.9)

	Three Months Ended	
($ in millions)	March 29, 2024	March 31, 2023
Net cash provided by operating activities	$ 91.5	$ 81.0
Proceeds from sale of business, net of cash provided	$ 70.5	$ —
Payments for additions to property, plant and equipment	(20.2)	(13.7)
Proceeds from sale of property	0.9	4.2
Cash paid for equity investments	(0.2)	(1.9)
Proceeds from sale of equity securities	—	20.4
Net cash provided by investing activities	$ 51.0	$ 9.0
Repayment of long-term debt	$ (50.0)	$ (65.0)
Net (repayments of) proceeds from short-term borrowings	(1.0)	3.9
Payments of common stock cash dividend	(3.9)	(3.9)
Purchases of treasury stock	(21.6)	(18.1)
Proceeds from stock option exercises	12.8	1.2

Other financing activities		(10.7)		(5.3)
Net cash used in financing activities	$	(74.4)	$	(87.2)

Operating Activities

Cash flows from operating activities can fluctuate significantly from period to period as working capital needs and the timing of payments for income taxes, restructuring activities and other items impact reported cash flows.

Cash flows from operating activities were $290.1 million $91.5 million during the nine three months ended September 29, 2023 March 29, 2024, an increase of $150.3 million $10.5 million, as compared to the comparable period in 2022. 2023. The year-over-year change in operating cash flows was primarily attributable to the following factors:

- The aggregate of accounts receivable and long-term financing receivables used $33.6 million $28.2 million of operating cash flows during the nine three months ended September 29, 2023 March 29, 2024 compared to using $76.1 million generating $42.1 million in the comparable period of 2022. 2023. The amount of cash flow generated from or used by accounts receivable depends upon how effectively we manage the cash conversion cycle and can be significantly impacted by the timing of collections in a period. Additionally, when we originate certain financing receivables, we assume the financing receivable by decreasing the franchisee's trade accounts receivable. As a result, originations of certain financing receivables are non-cash transactions.

- The aggregate of other operating assets and liabilities used $16.8 million $11.8 million during the nine three months ended September 29, 2023 March 29, 2024 compared to using $158.4 $75.8 million in the comparable period of 2022. 2023. This change is due primarily to working capital needs and the timing of accruals and payments and tax-related amounts.

Investing Activities

Net cash provided by investing activities was $86.0 million $51.0 million during the nine three months ended September 29, 2023 March 29, 2024, driven primarily by proceeds from the sale of our Global Traffic Technologies Coats business, and equity securities, partially offset by payments for additions to property, plant and equipment. Net cash used in provided by investing activities was $326.1 million $9.0 million during the nine three months ended September 30, 2022 March 31, 2023, driven primarily by the cash paid for proceeds from the acquisitions that closed during the period sale of equity securities and property, partially offset by payments for additions to property, plant and equipment.

We made capital expenditures of approximately $43.5 million $20.2 million and $43.0 million $13.7 million during the nine three months ended September 29, 2023 March 29, 2024 and September 30, 2022 March 31, 2023, respectively.

Financing Activities

Net cash used in financing activities was $313.3 million $74.4 million during the nine three months ended September 29, 2023 March 29, 2024, driven primarily by the voluntary repayment of $240.0 $50.0 million of the Three-Year Term Loans due 2024 and repurchases of the Company's common stock of $61.6 $21.6 million. Net cash used in financing activities was $248.9 million $87.2 million during the nine three months ended September 30, 2022 March 31, 2023, driven primarily by the voluntary repayment of $65.0 million of the Three-Year Term Loans due 2024 and repurchases of the Company's common stock of $288.0 million, partially offset by net proceeds from long-term debt of $50.0 million. $18.1 million.

Share Repurchase Program

Refer to Note 12. 11. Capital Stock and Earnings per Share to the Consolidated Condensed Financial Statements for a description of the Company's share repurchase program.

Dividends

We paid regular quarterly cash dividends of $0.025 per share during the nine three months ended September 29, 2023 March 29, 2024. The declaration of future cash dividends is at the discretion of our Board of Directors and will depend upon, among other things, our future earnings, cash flows, capital requirements, financial condition and general business conditions.

Supplemental Guarantor Financial Information

As of September 29, 2023 March 29, 2024, we had $1.6 billion in aggregate principal amount of the Registered Notes and $760.0 million $650.0 million in aggregate principal amount outstanding of the Term Loans. Our obligations to pay principal and interest on the Registered Notes and Term Loans are fully and unconditionally guaranteed on a joint and several basis on an unsecured, unsubordinated basis by Gilbarco Inc. and Matco Tools Corporation, two of Vontier's wholly-owned subsidiaries (the "Guarantor Subsidiaries"). Our other subsidiaries do not guarantee any such indebtedness (collectively, the "Non-Guarantor Subsidiaries"). Refer to Note 5. 4. Financing to the Consolidated Condensed Financial Statements for additional information regarding the terms of our Registered Notes and the Term Loans.

The Registered Notes and the guarantees thereof are the Company's and the Guarantor Subsidiaries' senior unsecured obligations and:

- rank without preference or priority among themselves and equally in right of payment with our existing and any future unsecured and unsubordinated indebtedness, including, without limitation, indebtedness under our credit agreement;
- are senior in right of payment to any of our existing and future indebtedness that is subordinated to the notes;
- are effectively subordinated to any of our existing and future secured indebtedness to the extent of the assets securing such indebtedness; and
- are structurally subordinated to all existing and any future indebtedness and any other liabilities of our Non-Guarantor Subsidiaries.

The following tables present summarized financial information for Vontier Corporation and the Guarantor Subsidiaries on a combined basis and after the elimination of (a) intercompany transactions and balances between Vontier Corporation and the Guarantor Subsidiaries and (b) equity in earnings from and investments in the Non-Guarantor Subsidiaries.

Summarized Results of Operations Data ($ in millions)		Nine Three Months Ended September March 29, 2023 2024
Net sales (a)	$	1,141.5 410.4
Gross Operating profit (b)		560.5 140.3
Net income (c)	$	259.0 93.2

(a) Includes intercompany sales of $23.6 million $5.0 million for the nine three months ended September 29, 2023 March 29, 2024.

(b) Includes intercompany gross operating profit of $4.6 million $0.7 million for the nine three months ended September 29, 2023 March 29, 2024.

(c) Includes intercompany pretax income of $25.5 million $0.4 million for the nine three months ended September 29, 2023 March 29, 2024.

Summarized Balance Sheet Data ($ in millions)		September March 29, 2023 2024
Assets		
Current assets	$	398.8 419.7
Intercompany receivables		1,639.1 1,826.4
Noncurrent assets		636.2 649.9
Total assets	$	2,674.1 2,896.0
Liabilities		
Current liabilities	$	339.1 405.4
Intercompany payables		379.8 277.6
Noncurrent liabilities		2,402.1 2,242.9
Total liabilities	$	3,121.0 2,925.9

CRITICAL ACCOUNTING ESTIMATES

Except as described below, there There were no material changes to the Company's critical accounting estimates described in the Company's 2022 2023 Annual Report on Form 10-K.

Goodwill

Goodwill arises from the purchase price for acquired businesses exceeding the fair value of tangible and intangible assets acquired less assumed liabilities. We assess the goodwill of each of our reporting units for impairment at least annually as of the first day of the fourth quarter or more frequently if events and circumstances indicate that goodwill may not be recoverable.

When evaluating for impairment, we may first perform a qualitative assessment to determine whether it is more likely than not that a reporting unit or indefinite-lived intangible asset is impaired. If we do not perform a qualitative assessment, or if we determine that it is not more likely than not that the fair value of the reporting unit or indefinite-lived intangible asset exceeds its carrying amount, we will calculate the estimated fair value of the reporting unit or indefinite-lived intangible asset. Our decision to perform a qualitative impairment assessment for an individual reporting unit in a given year is influenced by a number of factors, inclusive of the size of the reporting unit's goodwill, the significance of the excess of the reporting unit's estimated fair value over carrying value at the last quantitative assessment date, the amount of time in between quantitative fair value assessments and the date of acquisition.

In the first quarter of 2023, we realigned our internal organization, as further discussed in Note 9. Segment Information to the Consolidated Condensed Financial Statements, which resulted in a decrease in the number of reporting units for goodwill impairment testing from seven reporting units to five reporting units. For historical reporting units that were divided among our new reporting units after the realignment, we used the relative fair value method to reallocate goodwill to the new reporting units. We performed a qualitative goodwill impairment test immediately prior to and following the change in reporting units. Factors we considered in the qualitative assessment included general macroeconomic conditions, industry and market conditions, cost factors, overall financial performance of our reporting units, events or changes affecting the composition or carrying value of the net assets of our reporting units, information related to market multiples of peer companies and other relevant entity specific events. Based on our assessment, we determined on the basis of the qualitative and quantitative factors that the fair values of the reporting units were more likely than not greater than their respective carrying values both immediately prior to and following the change in reporting units, and therefore, a quantitative test was not required.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and qualitative disclosures about market risk appear in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Financial Instruments and Risk Management," in the Company's 2022 2023 Annual Report on Form 10-K. There were no material changes to this information during the nine three months ended September 29, 2023 March 29, 2024.

ITEM 4. CONTROLS AND PROCEDURES

Our management, with the participation of the President and Chief Executive Officer, and the Senior Vice President and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the President and Chief Executive Officer, and the Senior Vice President and Chief Financial Officer, have concluded that, as of the end of such period, these disclosure controls and procedures were effective.

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the most recent completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Vontier is party in the ordinary course of business, and may in the future be involved in, legal proceedings, litigation, claims, and government investigations. Although the results of the legal proceedings, claims, and government investigations in which we are involved cannot be predicted with certainty, we do not believe that the final outcome of these matters is reasonably likely to have a material adverse effect on our business, financial condition, or operating results.

Refer to Note 10. 9. Litigation and Contingencies to the Consolidated Condensed Financial Statements in this Form 10-Q for more information on certain legal proceedings.

ITEM 1A. RISK FACTORS

Information regarding risk factors appears in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Information Relating to Forward-Looking Statements," in Part I - Item 2 of this Form 10-Q and in "Risk Factors" in Part I - Item 1A of our 2022 2023 Annual Report on Form 10-K. There were no material changes during the three months ended September 29, 2023 March 29, 2024 to the risk factors reported in our 2022 2023 Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) Not applicable.
(b) Not applicable.
(c) Purchases of Equity Securities by the Issuer

On May 24, 2022, the Company's Board of Directors approved a replenishment of the Company's previously approved share repurchase program announced in May 2021, bringing the total amount authorized for future share repurchases to $500.0 million. Under the share repurchase program, the Company may purchase shares of common stock from time to time in open market transactions, privately negotiated transactions, accelerated share repurchase programs, or by combinations of such methods, any of which may use prearranged trading plans that are designed to meet the requirements of Rule 10b5-1(c) of the Securities Exchange Act of 1934. The timing of any repurchases and the actual number of shares repurchased will depend on a variety of factors, including the Company's stock price, corporate and regulatory requirements, restrictions under the Company's debt obligations and other market and economic conditions. The share repurchase program may be suspended or discontinued at any time and has no expiration date.

The following table sets forth our share repurchase activity for the three months ended September 29, 2023 March 29, 2024:

Period	Total Number of Shares Purchased (in millions)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (in millions)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs ($ in millions)
July 1, 2023 to July 28, 2023	—	$ —	—	$ 378.9
July 29, 2023 to August 25, 2023	0.3	29.86	0.3	369.5
August 26, 2023 to September 29, 2023	0.1	30.60	0.1	367.3
Total	0.4		0.4	

Period	Total Number of Shares Purchased (in millions)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (in millions)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs ($ in millions)
January 1, 2024 - January 26, 2024	0.5	$ 34.06	0.5	$ 335.6
January 27, 2024 - February 23, 2024	—	—	—	335.6
February 24, 2024 - March 29, 2024	0.1	43.08	0.1	332.7
Total	0.6		0.6	

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the three months ended September 29, 2023 March 29, 2024, none of the Company's directors or executive officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of the Company's securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

ITEM 6. EXHIBITS

		Incorporated by Reference (Unless Otherwise Indicated)			
Exhibit Number	**Exhibit Index**	**Form**	**File No.**	**Exhibit**	**Filing Date**
22.1	List of Guarantor Subsidiaries	10-K	001-39483	22.1	February 17, 2023
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—		Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—		Filed herewith
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	—		Filed herewith
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	—		Filed herewith
101.INS	Inline XBRL Instance Document - the Instance Document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document	—	—		Filed herewith
101.SCH	Inline XBRL Taxonomy Schema Document	—	—		Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	—	—		Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	—	—		Filed herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	—	—		Filed herewith
101.PRE	Inline Taxonomy Extension Presentation Linkbase Document	—	—		Filed herewith
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	—	—		Filed herewith

		Incorporated by Reference (Unless Otherwise Indicated)			
Exhibit Number	**Exhibit Index**	**Form**	**File No.**	**Exhibit**	**Filing Date**
22.1	List of Guarantor Subsidiaries	10-K	001-39483	22.1	February 15, 2024
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—		Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	—		Filed herewith
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	—		Filed herewith
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	—		Filed herewith
101.INS	Inline XBRL Instance Document - the Instance Document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document	—	—		Filed herewith
101.SCH	Inline XBRL Taxonomy Schema Document	—	—		Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	—	—		Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	—	—		Filed herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	—	—		Filed herewith
101.PRE	Inline Taxonomy Extension Presentation Linkbase Document	—	—		Filed herewith
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	—	—		Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VONTIER CORPORATION:

Date: November 2, 2023 May 2, 2024	By:	/s/ Anshooman Aga
		Anshooman Aga
		Senior Vice President and Chief Financial Officer
Date: November 2, 2023 May 2, 2024	By:	/s/ Paul V. Shimp
		Paul V. Shimp
		Chief Accounting Officer

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Exhibit 31.1

Certification

I, Mark D. Morelli, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vontier Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023 May 2, 2024	By:	/s/ Mark D. Morelli
		Mark D. Morelli
		President and Chief Executive Officer

Exhibit 31.2

Certification

I, Anshooman Aga, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vontier Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023 May 2, 2024

By: /s/ Anshooman Aga
Anshooman Aga
Senior Vice President and Chief Financial Officer

Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark D. Morelli, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge, Vontier Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended September 29, 2023 March 29, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Vontier Corporation.

Date: November 2, 2023 May 2, 2024

By: /s/ Mark D. Morelli
Mark D. Morelli
President and Chief Executive Officer

This certification accompanies the Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that Vontier Corporation specifically incorporates it by reference.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Anshooman Aga, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge, Vontier Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended September 29, 2023 March 29, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Vontier Corporation.

Date: November 2, 2023 May 2, 2024	By:	/s/ Anshooman Aga
		Anshooman Aga
		Senior Vice President and Chief Financial Officer

This certification accompanies the Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that Vontier Corporation specifically incorporates it by reference.

DISCLAIMER